



2010 **Annual Corporate Governance** Report
(Spanish Securities Exchange Commission Circular 4/2007, of 27
December-Appendix I)
Book concerning the Directors' Report of the Financial Statements
of Endesa, S.A. and the Directors' Report of the Financial
Statements of Endesa, S.A. and subsidiaries, and is an integral part
of them.

2010 Annual **Corporate Governance** Report

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Endesa

Annual Corporate Governance Report

Listed Companies

Issuer's Particulars

Year Ended: 31 / 12 / 2010
Tax Id Number: A-28023430
Company: ENDESA, S.A.

Model Annual Corporate Governance Report for Listed Companies

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Ownership Structure

A.1. Complete the following table on the Company's share capital:

Date of last change	Share capital (Euros)	Number of shares	Number of voting rights
01/10/1999	1,270,502,540.40	1,058,752,117	1,058,752,117

Indicate whether there are different classes of shares that carry different rights:

No

A.2. List direct and indirect holders of significant interests in the Company at year end, excluding directors:

Name or Company name of shareholder	Number of direct voting rights	Number of indirect voting rights (*)	% of total voting rights
Enel Energy Europe, S.R.L.	974,717,763	0	92.063
Enel, S.P.A.	0	974,717,763	92.063

Name or Company name of indirect holder of interest	Via: Name or Company name of direct holder of interest	Number of direct voting rights	% of total voting rights
Enel, S.P.A.	Enel Energy Europe, S.R.L.	974,717,763	92.063

State the most significant changes in shareholder structure during the year:

A.3. In the following tables, list members of the Board of Directors who hold voting rights over Company shares:

Name or Company name of director	Number of direct voting rights	Number of indirect voting rights (*)	% of total voting rights
Mr. Borja Prado Eulate	4,786	0	0.000
Mr. Fulvio Conti	200	0	0.000
Mr. Andrea Brentan	100	0	0.000
Mr. Alejandro Echevarría Busquet	200	0	0.000
Mr. Claudio Machetti	100	0	0.000
Mr. Gianluca Comin	100	0	0.000
Mr. Luigi Ferraris	100	0	0.000
Mr. Luis de Guindos Jurado	550	0	0.000
Mr. Miquel Roca Junyent	363	0	0.000
% of total voting rights held by the Board of Directors			0.001

In the following tables, list members of the Board of Directors who hold rights over Company shares:

A.4. Indicate, where applicable, any existing relationships of a familial, commercial, contractual or corporate nature between holders of significant interests, insofar as they be known to the Company, unless they are of scant relevance or arise in the course of ordinary business dealings:

Type of relationship: Corporate

Brief description: Enel, S.p.A. is sole shareholder of Enel Energy Europe, S.R.L.

Related party name or Company name: Enel Energy Europe, S.R.L., Enel, S.p.A.

A.5. Indicate, where applicable, any existing relationships of a commercial, contractual or corporate nature between the holders of significant interests and the Company or its Group, unless they are of minor relevance or arise in the course of ordinary business dealings:

Type of relationship: Corporate

Brief description: Endesa Generación, S.A. and Enel, S.p.A. hold interests of 40.88% and 4.31%, respectively, in Elcogás, S.A.

Related party name or Company name: Enel, S.p.A.

Type of relationship: Corporate

Brief description: Endesa Generación, S.A. and Enel Green Power International BV (an Enel Group subsidiary), hold interests in Enel Green Power España of, respectively, 40% and 60%.

Related party name or Company name: Enel S.p.A.

A.6. Indicate whether the Company has been notified of any shareholder agreements that may affect it pursuant to Article 112 of the Spanish Securities Markets Law (SML). If so, briefly describe them and specify the shareholders party to those agreements:

No.

Indicate whether the Company has knowledge of the existence of concerted actions between shareholders. If so, describe them briefly:

No.

Expressly indicate any amendment to or termination of said agreements or concerted actions during the fiscal year:

A.7. Indicate whether there are any individual or legal entities that exercise, or that may exercise, control over the Company, pursuant to Article 4 of the Securities Market Law. If so, describe them briefly:

Yes.

Name or Company name: Enel Energy Europe, S.R.L.

Remarks: Enel, S.p.A. is sole shareholder of Enel Energy Europe.

A.8. List the Company's treasury shares in the following tables:

At year end:

Number of direct shares	Number of indirect shares (*)	Total % of share capital
0	0	0.00

(*) Via:

Total	0
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Pursuant to Royal Decree 1362/2007, show details of any significant changes during the year:

Gains/(losses) from disposal of treasury shares during the financial year (thousands of Euros)	0
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A.9. State the current terms and conditions of authorisation granted by the General Meeting to the Board of Directors to carry out acquisitions or transfers of treasury shares.

At the Ordinary General Meeting on 21 June 2010, the shareholders authorised the Company and its subsidiaries to acquire treasury shares pursuant to Article 75 and the first additional provision of the Spanish Companies Act.

- I. To revoke and render void, where not applicable, the authorisation to acquire Company share derivatives, granted by the shareholders at the Ordinary General Meeting held on 30 June 2009.
- II. Again to authorise the acquisition of treasury shares derivatives and their pre-emptive rights, pursuant to Article 75 of the Spanish Companies Act, under the following conditions:
 - a) Said acquisitions shall be made via any legally accepted method, directly by Endesa, S.A., by its Group companies, or by proxy, up to the maximum legal limit.
 - b) The minimum price per share in said acquisitions shall be share par value and the maximum price shall be that equivalent to the listed share price plus 5%.
 - c) This authorisation shall be valid for 5 years.

Said authorisation also applies to the acquisition of shares to be delivered directly to employees or directors of the Company or of a Group subsidiary, or as a result of exercising purchase options that said employees or directors might hold.

A.10. Indicate, where applicable, any legal or statutory restrictions on the exercise of voting rights and any legal restrictions on the acquisition or transfer of interests in the share capital. State whether there are any legal restrictions on the exercise of voting rights:

No

Maximum percentage of voting rights that may legally be exercised by a single shareholder	0
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State whether there are any statutory restrictions on the exercise of voting rights:

No

Maximum percentage of voting rights that may be exercised by a shareholder due to statutory restrictions	0
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State whether there are any legal restrictions on the acquisition or transfer of equity interests:

No

A.11. State whether the shareholders have passed a resolution at the General Meeting to adopt measures to neutralise a take-over bid pursuant to the provisions of Law 6/2007.

No

If so, describe the measures approved and the terms under which said restrictions shall become void:

B

Management Structure of the Company

B.1 Board of Directors

B.1.1. State the maximum and minimum number of directors as per the Bylaws:

Maximum number of directors	15
Minimum number of directors	9

B.1.2. List the Board members in the following table:

Name or Company name of Director	Representative	Position on Board	Date of first appointment	Date of last appointment	Appointment procedure
Mr. Borja Prado Eulate	—	Chairman	20/06/2007	20/06/2007	Vote at General Meeting
Mr. Fulvio Conti	—	Deputy Chairman	25/06/2009	30/06/2009	Vote at General Meeting
Mr. Andrea Brentan	—	Chief Executive Officer	18/10/2007	30/06/2008	Vote at General Meeting
Mr. Alejandro Echevarría Busquet	—	Director	25/06/2009	30/06/2009	Vote at General Meeting
Mr. Claudio Machetti	—	Director	18/10/2007	30/06/2008	Vote at General Meeting
Mr. Gianluca Comin	—	Director	14/09/2009	14/12/2009	Vote at General Meeting
Mr. Luigi Ferraris	—	Director	18/10/2007	30/06/2008	Vote at General Meeting
Mr. Luis de Guindos Jurado	—	Director	25/06/2009	30/06/2009	Vote at General Meeting
Mr. Miquel Roca Junyent	—	Director	25/06/2009	30/06/2009	Vote at General Meeting
Total number of directors					9

Indicate any directors removed during the year:

B.1.3. List the members of the Board and their status in the following tables:

Executive Directors

Name or Company name of director	Committee proposing appointment	Office per Company organisation chart
Mr. Borja Prado Eulate	Appointments and Remuneration Committee	Chairman
Mr. Andrea Brentan	Appointments and Remuneration Committee	Chief Executive Officer
Total number of executive directors		2
Total % of the Board		22.222

Institutional Outside Directors

Name or Company name of director	Committee proposing appointment	Name or Company name of significant shareholder represented or proposing appointment
Mr. Fulvio Conti	Appointments and Remuneration Committee	Enel, S.p.A.
Mr. Claudio Machetti	Appointments and Remuneration Committee	Enel, S.p.A.
Mr. Gianluca Comin	Appointments and Remuneration Committee	Enel, S.p.A.
Mr. Luigi Ferraris	Appointments and Remuneration Committee	Enel, S.p.A.
Total number of institutional outside directors		4
Total % of the Board		44.444

Independent Outside Directors

Name or Company name of director: Mr. Alejandro Echevarría Busquet
 Profile: Degree in Business Administration from the University of Deusto, with specialisation from the Higher School. Recipient of the Jaume de Cordelles Prize (ESADE), the Best Basque Entrepreneur Award, the Best Business Administrator Award, and the "Valores de Empresa en Medios de Comunicación" (Business Values in the Media) Award.

Name or Company name of director: MR. Luis de Guindos Jurado
 Profile: Bachelor's Degree in Business Administration-CUNEF (with special honours), Ph.D. in Economics (Complutense University of Madrid) and government economist (ranked number 1 of the graduating class).

Name or Company name of director: Mr. Miquel Roca Junyent
 Profile: Bachelor's Degree in Business Administration from the University of Barcelona; Lecturer in constitutional law at Pompeu Fabra University in Barcelona; Honorary Doctorate from the distance learning universities of Leon and Girona.

Total number of independent directors	3
Total % of the Board	33.333

Other Outside Directors

State why these other outside directors may not be considered either institutional or independent members, and their relationship, if any, with the Company, its officers and its shareholders:

Indicate any changes in the status of each director that occurred during the year:

B.1.4. State, where applicable, why institutional outside directors have been appointed at the initiative of shareholders whose shareholding is less than 5%.

State whether any formal requests have been rejected for a seat on the Board by shareholders with a shareholding equal to or greater than that of others who have successfully been appointed institutional outside directors. Where applicable, state the reasons for the rejection.

No

B.1.5. State whether any directors have tendered their resignation prior to completing their term of office, whether said directors have informed the Board of their reasons for doing so, and if so, by what means. If they have notified their reasons to the entire Board in writing, state the reasons:

No

B.1.6. Indicate which powers, if any, have been delegated to the Chief Executive Officer(s):

Name or Company name of director: Mr. Andrea Brentan

Brief description: On 30 June 2009 the Board of Directors delegated all the powers of the Board of Directors that could be delegated legally and statutorily to the Chief Executive Officer.

The Chief Executive Officer of Endesa, S.A., Mr. Andrea Brentan, shall exercise all powers delegated to him jointly with the Executive Committee of the Board of Directors.

B.1.7. Identify, where applicable, Board members who hold office as directors or executives at other companies belonging to the listed Company's group:

Name or Company name of director	Company name of Group Company	Office
Mr. Andrea Brentan	Enersis, S.A.	Deputy Chairman
Mr. Luis de Guindos Jurado	Empresa Nacional de Electricidad, S.A.	Director

B.1.8. Where applicable, list any Company directors who are members of the boards of directors of non-Group companies that are listed on official securities markets in Spain, as disclosed to the Company:

Name or Company name of director	Company name of listed Company	Office
Mr. Borja Prado Eulate	Gestevisión Telecinco, S.A.	Director
Mr. Alejandro Echevarría Busquet	Compañía Vinícola del Norte de España	Director
Mr. Alejandro Echevarría Busquet	Gestevisión Telecinco, S.A.	Chairman
Mr. Miquel Roca Junyent	ACS, S.A.	Director

B.1.9. State and, where applicable, explain whether the Company has laid down rules regarding the number of boards on which its directors may hold seats:

No

B.1.10. In relation to recommendation 8 of the Unified Code, state general Company policies and strategies that require the full Board's approval:

Investment and financing policy	Yes
Definition of the structure of the corporate group	Yes
Corporate governance policy	Yes
Corporate social responsibility policy	Yes
Strategic or business plan, management objectives and annual budgets	Yes
Compensation and performance evaluation policy for senior executives	Yes
Risk control and management policy and periodic monitoring of internal reporting and control systems	Yes
Dividend policy and treasury shares policy, particularly limits thereon	Yes

B.1.11. List aggregate remuneration accrued by directors during the year in the following tables:

a) At the reporting Company:

Item	In thousands of Euros
Fixed remuneration	1,912
Variable remuneration	2,591
Attendance fees	296
Bylaw-stipulated directors' emoluments	0
Share options or other financial instruments	0
Other	16
Total	4,815

Other benefits	In thousands of Euros
Advances	0
Loans granted	0
Pension funds and plans: Contributions	305
Pension funds and plans: Commitments	0
Life insurance premiums	150
Guarantees provided by the Company on behalf of directors	0

b) Arising from Company directors' membership of other boards of directors or from their condition of senior executives at Group companies:

Item	Data in thousands of Euros
Fixed remuneration	0
Variable remuneration	0
Attendance fees	81
Bylaw-stipulated directors' emoluments	0
Share options or other financial instruments	0
Other	0
Total	81

Other benefits	In thousands of Euros
Advances	0
Loans granted	0
Pension funds and plans: Contributions	0
Pension funds and plans: Commitments	0
Life insurance premiums	0
Guarantees provided by the Company on behalf of directors	0

c) Total remuneration by type of directorship:

Type of directorship	By Company	By Group
Executive directors	3,013	46
Institutional outside directors	1,118	0
Independent outside directors	684	35
Other outside directors	0	0
Total	4,815	81

d) With respect to profit attributable to the parent Company

Total directors' remuneration (thousands of Euros)	4,896
Total directors' remuneration/profit attributable to the parent Company (stated as %)	0.1

B.1.12. Identify senior executives who are not executive directors, and indicate the total remuneration accrued during the year:

Name or Company name	Office
Mr. Francisco Borja Acha Besga	General Manager of Legal Advisory
Mr. Javier Uriarte Monereo	General Manager of Marketing
Mr. José Damián Bogas Gálvez	General Manager for Spain and Portugal
Mr. Ignacio Antoñanzas Alvear	General Manager for Latin America
Mr. Amado Franco Lahoz	Chairman of Erz-Endesa Aragón Advisory Committee
Mr. Jaime Gros Bañeres	Regional General Manager for Aragon
Mr. Salvador Montejo Velilla	General Secretary and Secretary of the Board of Directors
Mr. Álvaro Quiralte Abello	General Manager of Energy Management
Mr. Rafael López Rueda	General Manager of Systems and Telecommunications
Mr. José Luis Puche Castillejo	General Manager of Organisation and Human Resources
Mr. Jaime Ybarra Lloset	Chairman of the Advisory Committee for Sevillana Endesa Andalusia and Extremadura
Mr. Francisco Arteaga Alarcón	General Manager for Andalusia and Extremadura
Mr. Joaquín Galindo Vélez	General Manager of Endesa Chile
Mr. Héctor López Vilaseco	General Manager of Strategy and Development
Mr. Antón Costas Comesaña	Chairman of the Advisory Committee for Fecsa-Endesa In Catalonia
Mr. Antonio Torvá Jordán	Deputy Chief Communication Officer
Mr. José María Rovira Vilanova	General Manager of Fecsa-Endesa in Catalonia
Mr. Andréu Rotger Amengual	Regional General Manager for the Balearic Islands
Mr. Pablo Casado Reboiro	Regional General Manager for the Canary Islands
Mr. José Luis Marín López-Otero	General Manager of Endesa Red
Mr. Alfonso Arias Cañete	General Manager of Nuclear Energy
Mr. Alfonso López Sánchez	Chief Communications Officer
Mr. Pablo Yrarrázabal Valdés	Chairman of Enersis
Mr. Jorge Rosemblut Ratinoff	Chairman of Endesa Chile
Mr. Enrique Durand Baquerizo	General Manager-Audit
Mr. Manuel Morán Casero	General Manager of Generation
Mr. Francesco Buresti	General Manager of Procurement
Mr. Paolo Bondi	Chief Financial Officer
Mr. Massimo Tambosco	Deputy General Manager for Strategy, Regulatory and Strategic Planning Latam/Deputy Chairman Enersis
Total remuneration of senior executives (thousands of Euros)	18,150

B.1.13. Identify in aggregate terms whether there are any guarantee or “golden parachute” clauses for senior management, including executive directors of the Company or of its Group, in case of dismissal or changes in control. Indicate whether these contracts must be disclosed to or approved by the bodies of the Company or the Group.

Number of beneficiaries	24	
	Board of directors	Annual General Meeting
Body authorising the clauses	Yes	No
Is the General Meeting informed of the clauses?	Yes	

B.1.14. Describe the procedure used to set Board members' remuneration and indicate the relevant provisions in the Company Bylaws.

Procedure for setting Board members' remuneration and relevant provisions in the Company Bylaws

The Board members' remuneration is proposed by the Appointments and Remuneration Committee and approved by the Board of Directors, pursuant to Article 40 of the Company Bylaws and, more specifically, to Article 32 of the Regulations of the Board of Directors:

32.1. Directors' remuneration consists of the following items: Fixed monthly payment and share in profits. Total annual remuneration for the entire Board for the above-mentioned items shall be one per thousand of consolidated Group profit, and shall be approved by the shareholders at the Annual General Meeting, although the Board of Directors may reduce this percentage in fiscal years as it sees fit. All the above without prejudice to the provisions of paragraph three under this Article regarding attendance fees.

The Board of Directors shall be responsible for the distribution of the above amount among the foregoing concepts and the directors in the manner, time and proportion stipulated by the Board at its discretion.

32.2. Board members shall also receive attendance fees for attending each of the meetings organised by the Company's administrative bodies and committees. In accordance with the preceding paragraphs, said fees shall not exceed the figure established as fixed monthly payment. Within these limits, the Board of Directors may determine the amount of said fees.

32.3. The remuneration mentioned in the paragraphs above relating to Board directorships shall be compatible with any other professional or salary payments corresponding to directors for any other executive or advisory positions that they may hold in the Company, other than the joint supervisory and decision-making responsibilities specific to their office as directors. These remunerations shall be subject to the applicable legislation in force.

32.4. Pursuant to Article 130 of the Spanish Companies Act, directors may receive payments under the profit-sharing scheme only once appropriations to the legal and statutory reserves have been made and a shareholder dividend of at least 4 per cent has been declared.

32.5. Outside directors shall receive no remuneration other than that required to secure their services, except for group and liability insurance during their tenure as directors.

32.6. In accordance with paragraph three of Article 130, the Chairman shall also receive the remuneration specified in the legal contract governing his or her relationship with the Company.

In addition to the aforementioned provisions for Company directors, and pursuant to paragraph three of this Article, the Chief Executive Officer shall receive the remuneration established in his or her contract with the Company, specifying his or her rights and obligations, both during and after his or her relationship with the Company.

The size of fixed payments, the decision to make variable payments, and the remuneration of the Chairman and Chief Executive Officer, according to their specific schemes, shall be proposed by the Appointments and Remuneration Committee and shall be required to comply with transparency requirements.

32.7. The Appointments and Remuneration Committee shall draw up an annual report on directors' remuneration policy which shall be approved by the Board of Directors and made available to shareholders.

State whether any of the following decisions require the approval of the full Board:

At the proposal of the Company's chief executive, the appointment and eventual removal of senior executives, as well as their indemnity clauses.	YES
Directors' remuneration and, for executive directors, additional compensation for their executive functions and other conditions to be fulfilled by their contracts.	YES

B.1.15. State whether the Board of Directors approves a detailed remuneration policy and specify the issues on which it makes a pronouncement:

YES

Amount of fixed components and, where applicable, itemised attendance fees for attending Board meetings and committee meetings, and an estimate of the annual fixed remuneration derived thereof.	YES
Variable remuneration components.	YES
Main features of Social Security schemes, and their estimated cost, or equivalent annual cost.	YES
Terms that must be observed in contracts of executive directors who carry out senior executive functions.	YES

B.1.16. State whether the Board, in a separate point on the agenda, submits a report on directors' remuneration policy for consultation and approval by the General Meeting. If so, explain the aspects of the report that relate to the remuneration policy approved by the Board for the coming years, significant changes therein with respect to the policy applied during the year and a summary of how the remuneration policy was applied during the fiscal period. Describe the role of the Remuneration Committee and state whether external advisory services were used. If so, identify the external consultants who provided advice:

NO

Role played by the Remuneration Committee

The Appointments and Remuneration Committee is responsible, among other things, for reporting and proposing the Directors' Remuneration Policy and setting the amounts paid.

In order to establish remuneration policy, the Appointments and Remuneration Committee conducts research to guarantee corporate governance best practices. The principle of transparency shall apply to all aspects of remuneration, including compensation payments for termination.

The amount paid to directors is in keeping with amounts paid by other listed companies on the market.

The Appointments and Remuneration Committee shall draft an Annual Report on Directors' Remuneration Policy, including an itemised breakdown of payments to each Company director in said capacity.

The Appointments and Remuneration Committee, pursuant to the Unified Code of Good Governance, shall submit an annual report to the Board of Directors on Directors' Remuneration. Said report shall be approved by the Board of Directors and submitted to shareholders when summoned to the General Meeting.

Have external advisory services been used?	YES
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Name of external consultants

Towers Watson
Mercer
Hay Group
Sagardoy Abogados

B.1.17. Indicate Company Board members who are also members of the boards of directors, or executives, or employees of companies that hold significant interests in the Company or in Group companies:

Name or Company name of director	Name or Company name of significant shareholder	Office
Mr. Borja Prado Eulate	Enel Energy Europe, S.R.L.	Director
Mr. Fulvio Conti	Enel Energy Europe, S.R.L.	Chairman
Mr. Fulvio Conti	Enel, S.p.A.	Chief Executive Officer and General Manager
Mr. Andrea Brentan	Enel Energy Europe, S.R.L.	Chief Executive Officer
Mr. Claudio Machetti	Enel, S.p.A.	Director of Group Risk Management Function
Mr. Gianluca Comin	Enel, S.p.A.	Director of External Relations
Mr. Luigi Ferraris	Enel, S.p.A.	Chief Financial Officer

Give details, where applicable, of any material relationships other than those envisaged under the preceding heading, between members of the Board of Directors and significant shareholders or Group companies:

B.1.18. Indique si se ha producido durante el ejercicio alguna modificación en el reglamento del Consejo:

B.1.18. Indicate whether any amendments were made to the Regulations of the Board of Directors during the year:

YES

Description of amendments

Article 5: Structure and Composition of the Board

The minimum and maximum number of directors shall remain unchanged, but, in accordance with the Unified Code of Good Governance, they shall be classified as executive directors, outside institutional directors, outside independent directors, and other outside directors.

Article 6: Functions and Responsibilities of the Board

New responsibilities relating to Company policies and strategies are expressly introduced (approval of the business plan, investment and financial policies, corporate governance policies, corporate social responsibility, remuneration and performance reviews for senior management, risk control and risk management, dividends and treasury shares) in accordance with the instructions and limits established by the General Meeting.

New responsibilities been introduced, giving the Board new competences in establishing general management rules regarding real estate operations that are not part of an industrial investment or divestment programme, and rules for purchases of goods and services by the Company.

It shall also be the responsibility of the Board to determine which organisational and operational faculties may be delegated to the CEO, approve the appointments, removals and indemnity clauses of senior management, and lay down the general organisational principles of the Company and the Group.

Once a year, the Board shall review its own quality and efficiency, the performance of the Chairman and the CEO, based on the report of the Appointments and Remuneration Committee, and the performance of the various Board Committees, based on the reports provided by said Committees.

The Board of Directors shall issue a set of regulations governing related-party transactions (said regulations were approved by the Board of Directors on 15 November 2010).

Article 13: Executive Commission

The Executive Commission shall implement those articles relating to the faculties delegated to it by the Board.

Article 14: Audit and Compliance Committee

In accordance with the Unified Code of Good Governance:

A new rule stipulates that the Audit and Compliance Committee may request external advisory services if it deems it necessary in order to carry out its functions. It may also summon any Company employee or director.

The description of the functions relating to supervision and knowledge of the Company's financial reporting, information systems and internal control processes has been expanded.

The description of the function relating to relations with external auditors has been expanded.

Two new sections have been introduced on the information that must be filed with the Audit and Compliance Committee by the head of internal audit, and on the matters on which said committee must inform the Board of Directors.

Article 15: Appointments and Remuneration Committee

In accordance with the Unified Code of Good Governance:

A new rule stipulates that the Appointments and Remuneration Committee may request external advice whenever it considers it necessary to do so in order to carry out its functions.

The following new functions have been introduced: assessing the competencies, knowledge and experience required for membership of the Board and, consequently, defining the functions and necessary aptitudes of each Board member; assessing the time and dedication needed to be able to carry out the functions properly; sending the Board of Directors nominations for candidates to the Executive Committee and other committees; and, ensuring that Company remuneration policy is followed.

Last, The Appointments and Remuneration Committee shall engage in consultations with the Chairman and the CEO of the Company, especially on matters pertaining to executive directors or senior management. Any director may propose candidates to be considered by the Appointments Committee when covering vacancies on the Board.

Article 17: Relations with shareholders

A new rule stipulates that, based on of the report of the Audit and Compliance Committee, the Board of Directors shall approve an Annual Corporate Governance Report for the Company setting out the information required by law, along with any other content deemed appropriate. The Company shall maintain a corporate website containing information for shareholders and investors on which the information required by law shall be made public.

Article 18: Relations with significant shareholders

This article has been eliminated.

Article 20: Relations with auditors

In accordance with the Unified Code of Good Governance:

A new rule stipulates that the Board of Directors shall attempt to present an audit report to the General Meeting that contains no reservations or qualifications. In the unlikely event that there are any, both the Chairman of the Audit Committee and the auditors shall explain in layman's language the nature and scope of said reservations or qualifications to the shareholders.

Article 22: Appointment of directors

In accordance with the Unified Code of Good Governance:

A new rule stipulates that nominations for appointments or renewals of Directors by the Board of Directors to the General Shareholders' Meeting shall be approved by the Board of Directors. A prior proposal from the Appointments and Remuneration Committee shall suffice for independent directors, and a report from said Committee shall be required for all other directors.

Article 23: Incompatibilities

The incompatibilities previously set out in the regulations have been eliminated, leaving only those prohibitions laid down by law.

Article 26: Removal and resignation of directors

In accordance with the Unified Code of Good Governance:

A new reason has been added to those requiring Directors to tender their resignation to the Board: when their continued membership of the Board risks undermining the Company's reputation.

A new rule also stipulates that if any Directors are forced to give up their seat before the end of their mandate, whether due to resignation or to other reasons, they shall explain the reasons in a letter to all the other Board members. Regardless of whether said resignations are notified as a significant event, the reasons for the resignations must be set out in the Annual Corporate Governance Report.

Article 27: Directors' Obligations

In accordance with the Unified Code of Good Governance:

A new rule stipulates that Directors are obligated to spend the required time and make the necessary effort to carry out their responsibilities in an efficient manner. Consequently, Directors must inform the Appointments and Remuneration Committee of any other professional duties in case these might interfere with the required dedication.

Article 30: Business opportunities

A description of parties related to the administrators has been introduced.

Article 31: Right to advice and information

In accordance with the Unified Code of Good Governance:

A new rule stipulates that the Company shall set up an orientation programme to quickly provide new directors with an adequate overview of the Company and of its corporate governance regulations. The Company shall make training provision for directors to update their knowledge when circumstances so advise.

Article 33: Director remuneration

The following rule has been rewritten: External directors shall receive no remuneration other than that required to secure their services without compromising their independence, except for collective and liability insurance during their tenure as directors.

Article 35: The Chairman of the Board

In accordance with the Unified Code of Good Governance:

A new rule stipulates that the Chairman shall be responsible for the efficient running of the Board of Directors. Thus, he or she shall ensure that Directors receive adequate prior information, stimulate discussion and active participation among Board members during Board meetings, safeguarding their right to express their opinions and make decisions freely, and organise periodic reviews of the Board, coordinating these with the appropriate Committee chairmen.

Article 38: The Secretary of the Board

In accordance with the Unified Code of Good Governance:

Within the section on ensuring compliance with the principles and criteria of corporate governance and the Company Bylaws, a rule has been added calling for the Secretary of the Board to ensure that the Board's actions comply with current law, that they are in accordance with the Company Bylaws, regulations and other internal rules, and that they take into consideration any recommendations regarding good corporate governance.

B.1.19. Indicate the procedures for the appointment, renewal, assessment and removal of directors. Give details regarding competent bodies, formalities to be fulfilled and criteria to be used in each procedure.

Pursuant to Article 37 of the Company Bylaws, 'The General Shareholders' Meeting is responsible for appointing and removing directors. The position of Director may be waived, revoked or renewed'.

Directors' appointments and renewals are governed by the Regulations of the Board of Directors:

Article 5. Structure and Composition of the Board.

The directors proposed by the Board for appointment or renewal shall be individuals of acknowledged prestige who possess the necessary professional experience and knowledge to perform their functions, and who are willing to make the necessary commitment.'

Article 21. Appointment of directors

'The General Shareholders' Meeting or, if applicable, the Board shall have the power to appoint their members pursuant to the provisions of the Spanish Companies Act and the Company Bylaws.

Appointments or renewals of directors to be proposed by the Board of Directors at the General Shareholders' Meeting shall be approved by the Board of Directors. A prior proposal by the Appointments and Remuneration Committee shall suffice for independent directors, and a report from said Committee shall be required for all other directors.

The Regulations of the Board of Directors establish in Article 24 the renewal of directors as follows:

The Appointments and Remuneration Committee shall issue an advisory report on the directors proposed for renewal by the Board of Directors at the General Shareholders' Meeting.

Article 25 of the Regulations of the Board of Directors governs the removal and resignation of directors as follows:

- 25.1. Directors shall relinquish their directorship at the end of the term for which they were appointed, and in all other applicable circumstances, pursuant to the law, the Bylaws and this regulation.
- 25.2. Directors shall tender their resignation to the Board, and present the corresponding letter of resignation:
 - when their continued membership of the Board risks undermines the Company's reputation and credit;
 - when they are subject to disqualification on the grounds of incompatibility or any other legal grounds and when the Board, based on a prior report by the Appointments and Remuneration Committee, determines that they have incurred in grave infringements of their duties.
- 25.3. In the event of termination due to resignation or for other reasons, directors shall not render services in a Company considered a competitor for two years, except if the Board waives or reduces said prohibition.
- 25.4. If a Director is forced to give up his or her seat before the end of his or her mandate, due to resignation or for other reasons, they shall explain the reasons in a letter to all the other Board members. Regardless of whether said resignations are notified as a significant event, the reasons for the resignation must be set out in the Annual Corporate Governance Report.

B.1.20. Indicate the cases in which directors must resign.

The cases in which directors must tender their resignation to the Board of Directors are governed by Article 25 of the Regulations of the Board of Directors on removal of directors.

- 25.1. Directors shall relinquish their directorship at the end of the term for which they were appointed, and when any other circumstances applicable pursuant to the law, the Bylaws and this regulation are present.

25.2. Directors shall tender their resignation to the Board, and present the corresponding letter of resignation:

- when their continued membership of the Board risks jeopardising or undermining the Company's reputation and credit;
- when they are subject to disqualification on the grounds of incompatibility or any other legal grounds or when the Board, based on a prior report by the Appointments and Remuneration Committee, determines that they have incurred in grave infringements of their duties.

25.3. In the event of a Director's termination due to resignation or for other reasons, they shall not render services in a Company considered a competitor for two years, except if the Board waives or reduces said prohibition.

25.4. If a Director is forced to give up his or her seat before the end of his or her mandate, due to resignation or for other reasons, they shall explain the reasons in a letter to all the other Board members. Regardless of whether said resignations are notified as significant events, the reasons for the resignations must be set out in the Annual Corporate Governance Report.

B.1.21. State whether the Chairman of the Board of Directors also performs the functions of the Company's Chief Executive Officer. If so, describe the steps taken to limit the risks inherent in power being concentrated in one person:

NO

Indicate and describe, where applicable, any rules that authorise one of the independent directors to convene a Board meeting, include new topics on the agenda, coordinate and voice the concerns of outside directors, and direct the review by the Board of Directors.

NO

Explanation of the rules

Article 43 of the Bylaws establishes that:

The Board shall meet whenever convened by the Chairman or acting Chairman, at his or her initiative or when asked to do so by at least two directors.

B.1.22. Is a qualified majority, other than a statutory majority, required for any specific type of decision?

NO

Describe how resolutions are adopted by the Board of Directors, specifying the minimum attendance quorum and the type of majority required to pass resolutions:

Description of resolution:

The Board shall be duly convened when half of the members plus one are present or represented by proxy at the meeting. Resolutions shall be adopted by a straight majority of the vote of the directors attending the meeting in person or by proxy.

Quorum	%
One half plus one	55.55
Type of majority	%
Straight	55.55

B.1.23. Explain whether there are any specific requirements, other than those pertaining to the directors, to be appointed Chairman.

NO

B.1.24. State whether the Chairman has a casting vote:

YES

Matters on which there is a casting vote

Pursuant to Article 46 of the Company Bylaws, 'the Board shall discuss the matters included in the agenda and those proposed by the Chairman or by the majority of attending or proxy members, even if not included therein. Resolutions shall be adopted by the straight majority of the vote of the directors attending the meeting in person or by proxy. In the event of a tie, the Chairman or the member exercising his or her functions shall have the casting vote. The provisions of this paragraph shall be considered without prejudice to those resolutions requiring a qualified majority of directors as per Company Bylaws or current legislation'. Likewise, Article 11 of the Regulations of the Board of Directors establishes that 'the Chairman or whoever is exercising his or her functions shall have the casting vote in the event of a tie'.

B.1.25. Indicate whether the Bylaws or the Regulations of the Board of Directors specify any age limit for directors:

NO

Age limit for Chairman	Age limit for Chief Executive Officer	Age limit for Directors
0	0	0

B.1.26. Indicate whether the Bylaws or the Regulations of the Board of Directors set a limit on the term of office for independent directors:

NO

Maximum term of office (years)	0
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B.1.27. If the number of female Board members is nil or small, explain the reasons why and describe the steps taken to correct this situation.

Description of the reasons and initiatives

At present there are no women on Endesa's Board of Directors. Nevertheless, Endesa does have an Equality Plan in place, reasserting its commitment to ensure compliance with the gender equality principle, which comprises:

- HR policy measures (affirmative action covering recruitment, training, remuneration, and gender or sexual harassment).
- Work-life balance measures (paid leave, extended leave of absence, working day reductions or changes, etc.), among which, additional time flexibility (up to one hour per day) and, in specific cases, the possibility of temporarily exchanging the working day with a lunch break to the continuous working day.
- Pregnancy, maternity and paternity: special closed-shift scheme for female workers.
- Protection for victims of domestic violence.
- Action protocol in the event of gender or sexual harassment.

Within the framework of Endesa's corporate social responsibility policies, the Company's recruiting policy includes:

Establishing affirmative action measures that foster access by women with equal merits to positions where they are underrepresented.

Endesa has been awarded the 'Equality in the Workplace' ('Igualdad en la Empresa') award by the Ministry of Health, Social Policy and Equality, a sign of excellence that distinguishes companies who are committed to equality and who stand out for their policies regarding equal opportunity in the workplace, their organisational models and in other areas such as company services, products and advertising.

Endesa is one of six Ibx 35 companies who have received the award, which has been given to a total of 36 organisations out of a total of 600 requests. Among the most salient aspects taken into account in the concession of the 'Equality in the Workplace' award are the balance between men and women in decision-making areas, access to positions of greater responsibility, establishment of remuneration criteria and systems, and up-to-date professional classifications that allow jobs held by men and women, either the same or different, to be assessed fairly,

In all cases, the Appointments and Remuneration Committee ensures that recruitment procedures do not contain any implicit bias that hinders the appointment of directors on personal grounds.

Specify whether the Appointments and Remuneration Committee has laid down any procedures to make sure that the recruitment process does not contain any implicit bias that might prevent female directors from being recruited, and to deliberately seek out female candidates who fit the required profile:

YES

Describe the main procedures

Article 15 of the Regulations of the Board of Directors establishes that the Appointments and Remuneration Committee shall be responsible for reporting on prospective Board members and proposing their appointment, either through co-option or by submitting it for approval by the General Shareholders' Meeting.

Pursuant to Article 5 of the Regulations of the Board of Directors, the directors proposed by the Board for appointment or renewal shall be individuals of acknowledged prestige who possess the necessary professional experience and knowledge to perform their functions, and who are willing to make the necessary commitment.

B.1.28. Indicate whether there are any formal procedures for granting proxies to vote at Board meetings. If so, explain briefly.

Article 44 of the Company Bylaws establishes that 'representation by proxy should be conferred in writing and specifically for each Board meeting. No director may hold more than three proxies, except for the Chairman, who is not thus limited, although he may not represent the majority of the Board'.

Article 11 of the Regulations of the Board of Directors determines that 'each Director may transfer his or her proxy to another Board member, pursuant to the provisions of the Company Bylaws'.

B.1.29. Indicate the number of Board meetings held during the year and how often the Board has met without the Chairman's attendance:

Number of Board meetings	11
Number of Board meetings without Chairman's attendance	0

Indicate how many times the various Board Committees met during the year.

Number of Executive or Delegated Committee meetings	0
Number of Audit Committee meetings	9
Number of Appointments and Remuneration Committee meetings	9
Number of Appointments Committee meetings	0
Number of Remuneration Committee meetings	0

B.1.30. State how many Board meetings during the financial year were not attended by all members. For this purpose, proxies without specific instructions attached shall be considered equivalent to non-attendance:

Number of absentee directors during the period	0
Absentees as % of total votes during the period	0

B.1.31. Indicate whether the individual and consolidated financial statements submitted for approval by the Board are previously duly certified:

YES

Indicate, as applicable, the person(s) who signed the Company's individual and consolidated financial statements for authorisation for issue by the Board:

Name	Office
Mr. Andrea Brentan	Chief Executive Officer
Mr. Paolo Bondi	Chief Financial Officer

B.1.32. Explain the mechanisms, if any, established by the Board of Directors to prevent the individual and consolidated financial statements submitted at the Annual General Meeting from containing a qualified auditors' report.

There are no such special mechanisms, although in accordance with applicable commercial law and in order to be approved by the relevant Annual General Meeting, the directors determine the accounting policies and establish the necessary control systems for the individual and consolidated financial statements to present fairly the consolidated Group's equity and financial position, the results of its operations and its cash flow.

Furthermore, in order to verify that there are no differences between the above-mentioned criteria and the policies adopted, external auditors verify the financial statements and are regularly informed of the controls and procedures defined by the Company and its subsidiaries. They work with total freedom, and they have access to the Audit and Compliance Committee to deliver their conclusions and recommendations, as well as to the minutes from meetings of the Board of Directors, the Executive Committee, the Audit and Compliance Committee and the Appointments and Remuneration Committee.

The External Auditor has submitted audit reports on the consolidated financial statements for the last 21 tax years, expressing an unqualified opinion.

B.1.33. Is the Board Secretary a director?

NO

B.1.34. Describe the procedures for appointment and removal of the Board Secretary, stating whether the appointment and removal are notified by the Appointments Committee and approved by the Board in full.

Appointment and removal procedure

Article 37 of the Regulations of the Board of Directors establishes that the Secretary shall be appointed by the Board of Directors at the Chairman's proposal.

Does the Appointments Committee report on the appointment?	YES
Does the Appointments Committee report on the removal?	YES
Is the appointment approved by the full Board?	YES
Is the removal approved by the full Board?	YES

Is the Board Secretary specifically charged with ensuring compliance with the good governance recommendations?

YES

Remarks

Article 37 of the Regulations of the Board of Directors establishes that the Secretary shall be responsible for the observance of corporate governance principles and criteria, and the provisions of the Company Bylaws and regulations.

B.1.35. Indicate which mechanisms, if any, have been established by the Company to preserve the independence of its auditors, financial analysts, investment banks, and rating agencies.

Pursuant to Article 51 of the Company Bylaws, the Audit and Compliance Committee is responsible for ensuring good corporate governance and transparency throughout all Company activities in economic-financial and external auditing terms and internal audit compliance, maintaining a relationship with external auditors in order to receive information on matters that might compromise their independence and on any other matters pertaining to the auditing process, and all other disclosures stipulated in auditing legislation and auditing standards.

Moreover, there is no relation other than that derived from professional activities with financial analysts, investment banks and credit rating agencies.

B.1.36. State whether the Company has changed its external auditor during the period. If so, name the incoming and outgoing auditors:

NO

Outgoing auditor	Incoming auditor
—	—

If there were disagreements with the outgoing auditor, describe the nature of the disagreements:

NO

B.1.37. Indicate whether the auditor performs other non-audit work for the Company or its Group. If so, state the amount of fees received for said work and the percentage of the fees billed to the Company or its Group:

NO

	Company	Group	Total
Amount of other non-audit work (thousands of Euros)	0	0	0
Amount of other non-audit work/total amount billed by audit firm (as a %)	0.000	0.000	0.000

B.1.38. State whether the audit report on the financial statements for the previous year contained reservations or qualifications. If so, state the reasons given by the Chairman of the Audit Committee to explain the nature and scope of said reservations or qualifications.

NO

B.1.39. Indicate the number of consecutive years during which the current auditor has audited the financial statements of the Company or Group. Show the number of years during which the current auditor has been engaged as a percentage of the total number of years during which the financial statements have been audited:

	Company	Group
Number of consecutive years	2	2
Number of years audited by the current auditor/total number of years audited (as a %)	0.1	0.1

B.1.40. Indicate any interests, disclosed to the Company, held by the members of the Company's Board of Directors in the capital of entities engaging in an activity that is identical, similar or complementary to the statutory activity of the Company or its Group. Indicate also the positions they hold and the functions they perform at these companies.

Name or Company name of director	Name of investee	% ownership	Position / functions
Mr. Borja Prado Eulate	Enel Green Power, S.p.A.	0.001	—
Mr. Borja Prado Eulate	Enel Energy Europe, S.R.L.	0.000	Director
Mr. Fulvio Conti	Enel Green Power, S.p.A.	0.002	—
Mr. Fulvio Conti	Enel Energy Europe, S.R.L.	0.000	Chairman
Mr. Fulvio Conti	Enel, S.P.A.	0.006	Chief Executive Officer And General Manager
Mr. Andrea Brentan	Enel Green Power, S.p.A.	0.000	Director
Mr. Andrea Brentan	Enel Energy Europe, S.R.L.	0.000	Chief Executive Officer
Mr. Andrea Brentan	Enel Investment Holding	0.000	Director
Mr. Claudio Machetti	Enel Trade, S.p.A.	0.000	Director
Mr. Claudio Machetti	Enel. RE LTD	0.000	Chairman
Mr. Claudio Machetti	Enel, S.P.A.	0.000	Director Of Group Risk Management Function

Name or Company name of director	Name of investee	% ownership	Position / functions
Mr. Claudio Machetti	Enel Produzione, S.p.A.	0.000	Director
Mr. Claudio Machetti	Enel New. Hidro S.R.L.	0.000	Chairman
Mr. Claudio Machetti	Terna, S.p.A.	0.000	Director
Mr. Claudio Machetti	Enel Investment Holding	0.000	Director
Mr. Claudio Machetti	Enel Distribuzione, S.p.A.	0.000	Director
Mr. Gianluca Comin	Enel Green Power, S.p.A.	0.000	—
Mr. Gianluca Comin	Enel, S.p.A.	0.000	Director Of External Relations
Mr. Luigi Ferraris	Enel OGK-5 OJSC	0.000	Director
Mr. Luigi Ferraris	Enel Green Power, S.p.A.	0.001	Chairman
Mr. Luigi Ferraris	Enel Investment Holding	0.000	Director
Mr. Luigi Ferraris	Enel Factor S.p.A.	0.000	Chairman
Mr. Luigi Ferraris	Enel, S.p.A.	0.000	Chief Financial Officer
Mr. Luigi Ferraris	Enel Distribuzione, S.p.A.	0.000	Director
Mr. Luigi Ferraris	Enel Produzione, S.p.A.	0.000	Director
Mr. Luigi Ferraris	Enel Ingegneria E Innovazione, S.p.A.	0.000	Director
Mr. Luis de Guindos Jurado	Enel Green Power, S.p.A.	0.000	—

B.1.41. Indicate whether there is a procedure in place for directors to avail themselves of external advisory services, and if so, give details:

YES

Details of procedure

The right to advice and information is regulated by Article 30 of the Regulations of the Board of Directors:

‘Directors shall have access to all of the Company’s services and may gather information and obtain whatever advice they may require regarding any aspect, whenever the discharge of their duties so demands. The right to information extends to all the Group companies. Said information shall be requested from the Chairman, through the Board Secretary, and implemented by the Chief Executive Officer.

If, in the course of carrying out their duties, directors encounter specific problems of certain importance and complexity, they shall, by majority vote, have the power to propose to the Board the hiring of legal, accounting, technical, financial, commercial or other advisors at Company expense.

The above-mentioned proposal shall be notified to the Company’s Chairman, through the Board Secretary, and implemented by the Chief Executive Officer. The Board may turn down the request for the above advice if it considers it unnecessary for the furtherance of their duties, if the cost is disproportionate compared to the magnitude of the problem, or if said technical assistance may be adequately provided by Company personnel’.

The Company shall set up an orientation programme to quickly provide new directors with an adequate overview of the Company and of its corporate governance regulations. The Company shall make training provision for directors to update their knowledge when circumstances so advise.

B.1.42. Indicate whether there is a procedure in place for directors to receive the information they need to prepare meetings of the managing bodies in a timely manner, and if so, give details:

YES

Details of procedure

Article 41 of the Company's Bylaws establishes that: 'By virtue of their position, directors are responsible for: a) Compiling the necessary information and properly preparing the Board meetings and those of the corporate bodies to which they belong'. Pursuant to the above, Company services provide directors with the information pertaining to the meeting, seven days in advance, if possible, or at least 48 hours prior to said meeting.

B.1.43. Indicate whether the Company has established rules that compel directors to disclose information and, if applicable, to resign in cases where they may harm the Company's credit and reputation. If so, give details.

YES

Describe the rules

Article 25 of the Regulations of the Board of Directors establishes that Directors shall relinquish their directorship at the end of the term for which they were appointed, or whenever any other applicable circumstances arise, pursuant to the law, the Bylaws and this Regulation.

Directors shall tender their resignation to the Board, and formalise the corresponding resignation if they are disqualified on the grounds of conflict of interest or any other legal grounds, or when the Board, on the basis of the report of the Appointments and Remuneration Committee, determines that the Director has incurred in grave infringements of his or her duties.

B.1.44. State whether any Board member has advised the Company that he or she has been prosecuted or ordered to stand trial for any of the criminal offences referred to in Article 124 of the Spanish Companies Act:

NO

State whether the Board of Directors has analysed the case. If so, provide the rationale for the decision as to whether or not the director should remain on the Board.

NO

B.2. Committees of the Board of Directors**B.2.1. Provide details of all the committees of the Board of Directors and their members:****Executive Or Delegated Committee**

Name	Office	Type
Mr. Borja Prado Eulate	Chairman	Executive
Mr. Andrea Brentan	Member	Executive
Mr. Fulvio Conti	Member	Institutional Outside
Mr. Luigi Ferraris	Member	Institutional Outside
Mr. Luis De Guindos Jurado	Member	Independent Outside

Audit Committee

Name	Office	Type
Mr. Alejandro Echevarría Busquet	Chairman	Independent Outside
Mr. Borja Prado Eulate	Member	Executive
Mr. Luigi Ferraris	Member	Institutional Outside
Mr. Miquel Roca Junyent	Member	Independent Outside

Appointments and Remuneration Committee

Name	Office	Type
Mr. Luis De Guindos Jurado	Chairman	Independent Outside
Mr. Claudio Machetti	Member	Institutional Outside
Mr. Luigi Ferraris	Member	Institutional Outside
Mr. Miquel Roca Junyent	Member	Independent Outside

B.2.2. State whether the Audit Committee is responsible for the following:

Supervising the preparation and integrity of the financial information on the Company and, where applicable, the Group, reviewing compliance with regulatory requirements, proper delimitation of the scope of consolidation and correct application of accounting policies.	YES
Conducting periodic reviews of risk management and internal control systems, such that the main risks are adequately identified, managed and disclosed.	YES
Safeguarding the independence and effectiveness of the internal audit function; proposing the recruitment, appointment, renewal and removal of the head of internal audit service; proposing the budget for this service; receiving regular reports on its activities; and verifying that the conclusions and recommendations of its reports are taken into account by senior management.	YES
Establishing and supervising a mechanism that allows employees to confidentially and, if appropriate, anonymously, report on potentially significant irregularities, especially those of a financial or accounting nature, that they detect within the Company.	YES
Bringing before the Board proposals for the recruitment, appointment, renewal and replacement of the external auditor, as well as the terms of the auditor's engagement.	YES
Receiving information on a regular basis from the external auditor regarding the audit plan and the results of its execution, and verifying that senior management takes its recommendations into account.	YES
Ensuring the independence of the external auditor.	YES
For groups, encouraging the Group auditor to audit the Group companies.	YES

B.2.3. Describe the organisational structure, operating rules and responsibilities attached to each Board committee.

Committee: Appointments and Remuneration Committee.

Brief description: Article 15 of the Regulations of the Board of Directors governs the Appointments and Remuneration Committee:

- 15.1. The Appointments and Remuneration Committee shall be composed of no less than four and no more than six members of the Board of Directors, appointed by the majority vote of the Board. The Committee shall be composed of a majority of outside directors. The Board of Directors shall appoint members to the Appointments and Remuneration Committee on the basis of their knowledge, aptitudes and experience.
- 15.2. The Chairman of the Appointments and Remuneration Committee shall be designated by the Board of Directors and approved by the majority vote of the Board from among the outside directors. The Chairman shall be replaced every four years but may seek reappointment after stepping down for one year. In his or her absence, the Chairman shall be replaced by a director provisionally appointed by the Board of Directors, or else by the oldest Committee member.
- 15.3. The Appointments and Remuneration Committee shall meet whenever summoned by the Chairman, or when so decided by the majority of its members, or at the request of the Board of Directors. Committee meetings shall be held at the Company's registered office or at any other location proposed by the Chairman and indicated in the call notice. The Committee shall be duly convened if the majority of its members attend the meeting.
- 15.4. Resolutions shall be adopted by majority vote of the directors attending the meeting. In the event of a tie, the Chairman, or whoever is exercising his or her functions, shall have the casting vote.
- 15.5. The Appointments and Remuneration Committee may require external advisory services whenever it deems it necessary to be able to carry out its functions.
- 15.6. The Secretary of the Board of Directors shall be the Committee Secretary, drawing up the minutes of the adopted resolutions and, in turn, notifying the Board.
- 15.7. The Appointments and Remuneration Committee shall be responsible for, among other things, reporting on and proposing the appointment of Board members, either through co-option or by submitting them for approval by the General Shareholders' Meeting, and ensuring that the recruitment procedures do not exhibit implicit bias that might prevent female directors from being recruited. The Committee shall also report on the directors' remuneration.

The Committee shall also be responsible for:

Assessing the competencies, knowledge and experience required for membership of the Board and, consequently, defining the functions and necessary aptitudes of each Board member; assessing the time and dedication needed to be able to carry out the functions properly;

Putting before the Board of Directors nominations for candidates to the Executive Committee and other committees;

Notifying the Board of Directors of appointments and dismissals of Endesa senior management and of the chief executives of Enersis, Chilectra and Endesa Chile.

Approving senior management remuneration pursuant to the terms defined in the preceding paragraph.

Deciding on the implementation of senior management remuneration schemes based on Company results. The Committee shall also be aware and appraise Company executive policies, especially those regarding training, promotion and recruitment.

Defining specific relationship schemes between the Company and the Chairman and Chief Executive Officer.

Drafting, modifying and approving the senior management Bylaws.

Ensuring that Company remuneration policy is adhered to.

These functions shall include, but not be limited to, other responsibilities entrusted by the Board of Directors. The Board may request the Committee to draft reports on matters pertaining to its activities.

The Appointments and Remuneration Committee shall consult with the Chairman and the Chief Executive Officer, especially on issues relating to executive directors and senior management. Any director may propose candidates for consideration by the Committee in the event that they might be suitable to fill a vacancy on the Board.

Committee: Executive Or Delegated Committee

Brief description: Article 13 of the Regulations of the Board of Directors governs the Executive Committee:

- 13.1. The Executive Committee shall be composed of no less than five and no more than seven Directors, including the Chairman and the Chief Executive Officer. The Chairman of the Board of Directors shall be the Chairman of the Executive Committee, and the Board Secretary shall act as Secretary of the Committee. The Board of Directors' replacement scheme shall apply to this Committee.
- 13.2. The Executive Committee shall adopt the resolutions corresponding to the powers delegated to it by the Board.
- 13.3. Executive Committee members shall be appointed by the vote of, at least, two thirds of the Board members.
- 13.4. Executive Committee resolutions on matters pertaining to the powers delegated by the Board are compulsory as from their adoption. However, when the Chairman or the majority of the Executive Committee members deem it convenient given the significance of the matter, Executive Committee resolutions shall subsequently be submitted for ratification by the Board.
- 13.5. The Secretary of the Executive Committee, who shall also be the Board Secretary, shall draw up the minutes of the adopted resolutions, which shall, in turn, be notified to the Board.

Committee: Audit Committee

Brief description: Article 14 of the Regulations of the Board of Directors governs the Audit and Compliance Committee:

- 14.1. The Audit and Compliance Committee shall be composed of no less than four and no more than six members of the Board of Directors, appointed by majority vote of the Board. The Committee shall be composed of a majority of outside directors.
- 14.2. The Chairman of the Audit Committee shall be appointed by the Board of Directors, chosen from among the outside directors by majority vote. The Chairman shall be replaced every four years and may be reappointed after stepping down for one year. In his or her absence, the Chairman shall be replaced

- by a Committee director provisionally appointed by the Board of Directors, or else by the oldest member of the Committee.
- 14.3. The Board of Directors shall take care to appoint members of the Audit Committee and, in particular, the Committee Chairman, on the basis of their expertise and experience regarding accounting, audit or risk management.
- 14.4. The Audit and Compliance Committee shall convene whenever summoned by its Chairman, when the majority of its members so decides, or at the request of the Board of Directors. Committee meetings shall be held at the Company's registered office or at any other location proposed by the Chairman and indicated in the call notice. The Committee shall be duly convened when the majority of its members attend the meeting.
- 14.5. Resolutions shall be adopted by majority vote of the directors present at the meeting. In the event of a tie, the Chairman, or whoever is exercising his or her functions, has the casting vote.
- 14.6. The Audit Committee may request external advisory services whenever it considers it necessary to do so in order to carry out its functions. It may also summon any Company employee or director.
- 14.7. The Secretary of the Board of Directors shall be the Committee Secretary, who shall draw up the minutes of the resolutions adopted by the Committee and notify the Board of them.
- 14.8. The main responsibility of this Committee shall be to guarantee good corporate governance and transparency throughout the Company's activities in economic-financial, external audit and compliance and internal audit areas. The Committee shall be responsible for:
- a) Reporting on the issues within its remit raised by shareholders at the General Meeting;
 - b) Proposing to the Board of Directors for submittal to the General Shareholders' Meeting the appointment of external auditors pursuant to Article 57 of these Bylaws;
 - c) Monitoring internal audit services;
 - d) Keeping abreast of the Company's financial reporting procedures and information and internal control systems;
- 1) Supervising the drawing up and integrity of Company and, if applicable, Group financial information ensuring compliance with legal requirements, adequate delimitation of the scope of consolidation, and correct application of accounting principles.
 - 2) Periodically revising internal control and risk management systems, to ensure that the main risks are identified, managed and notified appropriately.
 - 3) Ensure that the internal audit function is carried out with independence and efficiency; proposing the recruitment, appointment, renewal and dismissal of the head of internal audit; proposing a budget for the service; receiving periodic reports on its activities; and verifying that senior management take due consideration of the conclusions and recommendations set out in its reports.
 - 4) Establishing and supervising a mechanism that allows employees to confidentially and, if appropriate, anonymously, report on potentially significant irregularities, especially those of a financial or accounting nature, that they detect within the Company.

- e) Maintaining a relationship with external auditor, particularly:
- 1) Submitting to the Board proposals for the recruiting, appointing, reappointing or replacing the external auditor, and terms thereof.
 - 2) Receiving reports from the external auditors on the audit procedure and its results, and ensure that senior management take due consideration of their recommendations.
 - 3) Safeguarding the independence of the external auditor and to that end, ensure that:
 - i) The Company notifies the CNMV (the Spanish securities commission) of the change in auditor, and, if applicable, a statement setting out any differences of opinion with the outgoing auditors, and the nature of the differences.
 - ii) The Company and the auditor comply with applicable legislation on the provision of non-audit services, limits on concentration of risk with the auditor, and any other existing rules to ensure the auditors' independence.
 - iii) In the event of withdrawal by the external auditor, the circumstances that motivated it are reviewed.
 - 4) For groups, encouraging the Group auditor to audit the Group companies.

These functions shall include, but not be limited to, any other responsibilities entrusted to the Committee by the Board of Directors.

14.9. The head of internal audit shall submit an annual work programme to the Audit Committee, reporting directly on any problems encountered and presenting an activity report at the end of each fiscal year.

14.10. The Audit Committee shall inform the Board on the following issues prior to the adoption by the Board of a decision thereon.

- a) The financial information that the Company must, as a publicly traded companies, disclose periodically. The Committee must ensure that the interim accounts are drawn up in accordance with the same accounting principles as the annual accounts, and to that end shall consider the advisability of a limited review by the external auditor.
- b) The constitution of or acquisition of stakes in special-interest ventures or domiciled in countries or territories that are considered tax havens, as well as any other analogous transactions or operations which, due to their complexity, may undermine transparency within the Group.
- c) Related-party transactions, under the terms set out by the Board of Directors.

B.2.4. Indicate, where applicable, the advisory and consultative powers, and any delegated authority, held by each of the committees:

Committee: Appointments and Remuneration Committee
Brief description: Advice, Proposal, Reporting and Approval

Committee: Executive or Delegated Committee
Brief description: Delegated Functions from the Board of Directors

Committee: Audit Committee

Brief description: Advice, Proposal, Reporting, Supervision and Approval.

B.2.5. Indicate, where applicable, whether there are any regulations for the Board Committees; if so, indicate where they can be consulted and whether any amendments have been made during the year. Also indicate whether an annual report has been prepared voluntarily on the activities of each committee.

Committee: Appointments and Remuneration Committee

Brief description: The Appointments and Remuneration Committee is regulated by the Company Bylaws and the Regulations of the Board of Directors. On 10 May 2010, Article 15 (Appointments and Remuneration Committee) of the Company Bylaws was partially amended. The Regulations of the Board, the Bylaws and amendments of 10 May 2010 are available on the Company's website: www.endesa.es. The Appointments and Remuneration Committee drafts an Annual Report on The Directors Remuneration Policy.

Committee: Executive or Delegated Committee

Brief description: The Executive Committee is regulated by the Company Bylaws and the Regulations of the Board of Directors. On 10 May 2010, Article 13 (Executive Committee) of the Board regulations was partially amended. These documents are available on the Company's website: www.endesa.es.

Committee: Audit Committee

Brief description: The Audit and Compliance Committee is regulated by the Company Bylaws and the Regulations of the Board of Directors. On 10 May 2010, Article 14 (Audit Committee) of the Board regulations was partially amended. The Board regulations, Company Bylaws and above-mentioned amendment are available on the Company's website: www.endesa.es. The Audit Committee draws up the annual activities report, among others, of the Audit and Compliance Committee, and a report on the independence of the auditors.

B.2.6. Indicate whether the composition of the Executive Committee reflects the role of the various directors on the Board according to their status:

NO

If not, explain the composition of the Executive Committee

The Board is composed of institutional outside directors (44.44%), independent directors (33.33%) and executive directors (22.22%). The Executive Committee is made up of institutional outside directors (40%), independent directors (20%) and executive directors (40%).



Related Party Transactions

C.1. State whether the approval of the full Board is required, based on the prior favourable report of the Audit Committee or any other committee charged with this function, for transactions carried out between the Company and directors, shareholders with significant holdings or represented on the Board, or with persons related thereto:

YES

C.2. Give details of material transactions entailing a transfer of funds or obligations between the Company or Group companies and significant shareholders of the Company:

Name or Company name of significant shareholder	Name or Company name of Company or group Company	Nature of relationship	Type of transaction	Amount (thousands of Euros)
Enel Energy Europe, S.R.L.	Carboex, S.A.	Contractual	Other expenses	62
Enel Energy Europe, S.R.L.	Endesa Carbono, S.L.	Contractual	Other expenses	145
Enel Energy Europe, S.R.L.	Endesa, S.A.	Contractual	Other expenses	924
Enel Energy Europe, S.R.L.	Endesa, S.A.	Corporate	Dividends and other distributed profits	1,002,010
Enel Energy Europe, S.R.L.	Endesa, S.A.	Contractual	Services rendered	64
Enel, S.p.A.	Bolonia Real Estate, S.L.	Contractual	Collaboration or administration contracts	5
Enel, S.p.A.	Carboex, S.A.	Contractual	Collaboration or administration contracts	62
Enel, S.p.A.	Distribuidora Eléctrica del Puerto de la Cruz, S.A.U.	Contractual	Collaboration or administration contracts	74
Enel, S.p.A.	Empresa Carbonífera Del Sur, S.A.	Contractual	Collaboration or administration contracts	82
Enel, S.p.A.	Empresa Nacional De Electricidad, S.A.	Contractual	Sale of goods (finished or in progress)	84
Enel, S.p.A.	Empresa Nacional De Electricidad, S.A.	Contractual	Purchase of goods (finished or in progress)	8,105
Enel, S.p.A.	Endesa Desarrollo, S.L.U.	Contractual	Collaboration or administration contracts	5
Enel, S.p.A.	Endesa Distribución Eléctrica	Contractual	Collaboration or administration contracts	24,816
Enel, S.p.A.	Endesa Distribución Eléctrica	Contractual	Services received	50
Enel, S.p.A.	Endesa Distribución Eléctrica	Contractual	Services rendered	305
Enel, S.p.A.	Endesa Distribución Eléctrica	Contractual	Other revenues	54
Enel, S.p.A.	Endesa Energía XXI, S.L.	Contractual	Other expenses	2,850
Enel, S.p.A.	Endesa Energía XXI, S.L.	Contractual	Collaboration or administration contracts	660
Enel, S.p.A.	Endesa Energía XXI, S.L.	Contractual	Other revenues	1,598
Enel, S.p.A.	Endesa Energía, S.A.	Contractual	Other expenses	1,147
Enel, S.p.A.	Endesa Energía, S.A.	Contractual	Collaboration or administration contracts	7,889
Enel, S.p.A.	Endesa Energía, S.A.	Contractual	Other revenues	25
Enel, S.p.A.	Endesa Gas Distribución, S.A.	Contractual	Collaboration or administration contracts	103
Enel, S.p.A.	Endesa Gas Transportista, S.L.	Contractual	Collaboration or administration contracts	78
Enel, S.p.A.	Endesa Generación Portugal, S.A.	Contractual	Leases	43
Enel, S.p.A.	Endesa Generación Portugal, S.A.	Contractual	Collaboration or administration contracts	5
Enel, S.p.A.	Endesa Generación, S.A.	Contractual	Collaboration or administration contracts	7,903
Enel, S.p.A.	Endesa Generación, S.A.	Contractual	Other revenues	10,346
Enel, S.p.A.	Endesa Generación, S.A.	Contractual	Other revenues	88,096
Enel, S.p.A.	Endesa Generación, S.A.	Contractual	Financing agreements: loans and capital contributions (lender)	1,211
Enel, S.p.A.	Endesa Generación, S.A.	Contractual	Sale of property, plant and equipment, intangible or other assets	17,421
Enel, S.p.A.	Endesa Generación, S.A.	Contractual	Collaboration or administration contracts	1,881

Name or Company name of significant shareholder	Name or Company name of Company or group Company	Nature of relationship	Type of transaction	Amount (thousands of Euros)
Enel, S.p.A.	Endesa Generación, S.A.	Contractual	Other expenses	15
Enel, S.p.A.	Endesa Generación, S.A.	Contractual	Sale of goods (finished or in progress)	35,844
Enel, S.p.A.	Endesa Generación, S.A.	Contractual	Purchases of property, plant and equipment, intangible or other assets	6,727
Enel, S.p.A.	Endesa Generación, S.A.	Contractual	Sale of property, plant and equipment, intangible or other assets	326,000
Enel, S.p.A.	Endesa Generación, S.A.	Contractual	Purchases of goods (finished or in progress)	499
Enel, S.p.A.	Endesa Generación, S.A.	Contractual	Other expenses	12,737
Enel, S.p.A.	Endesa Generación, S.A.	Contractual	Purchases of goods (finished or in progress)	2,980
Enel, S.p.A.	Endesa Generación, S.A.	Contractual	Other revenues	3,839
Enel, S.p.A.	Endesa Generación, S.A.	Contractual	Profits on write-off or sale of assets	1,042,981
Enel, S.p.A.	Endesa Ingeniería S.L.	Contractual	Collaboration or administration contracts	170
Enel, S.p.A.	Endesa Ingeniería S.L.	Contractual	Purchases of goods (finished or in progress)	85
Enel, S.p.A.	Endesa Ireland Ltd	Contractual	Collaboration or administration contracts	691
Enel, S.p.A.	Endesa Latinoamérica, S.A.	Contractual	Collaboration or administration contracts	5
Enel, S.p.A.	Endesa Operaciones y Servicios Comerciales, S.L.	Contractual	Collaboration or administration contracts	524
Enel, S.p.A.	Endesa Red, S.A.	Contractual	Collaboration or administration contracts	223
Enel, S.p.A.	Endesa Servicios, S.L.	Contractual	Services rendered	909
Enel, S.p.A.	Endesa Servicios, S.L.	Contractual	Collaboration or administration contracts	422
Enel, S.p.A.	Endesa Trading, S.A.	Contractual	Collaboration or administration contracts	5
Enel, S.p.A.	Endesa Trading, S.A.	Contractual	Other revenues	11,127
Enel, S.p.A.	Endesa Trading, S.A.	Contractual	Other expenses	140,070
Enel, S.p.A.	Endesa, S.A.	Contractual	Services rendered	788
Enel, S.p.A.	Endesa, S.A.	Contractual	Services rendered	1,438
Enel, S.p.A.	Endesa, S.A.	Contractual	Interest expense	1,137
Enel, S.p.A.	Endesa, S.A.	Contractual	Collaboration or administration contracts	3,344
Enel, S.p.A.	Endesa, S.A.	Contractual	Interest income	3,700
Enel, S.p.A.	Endesa, S.A.	Contractual	Services rendered	22
Enel, S.p.A.	Endesa, S.A.	Contractual	Other expenses	1,066
Enel, S.p.A.	Energías De Aragón, I.S.L. Unipersonal	Contractual	Collaboration or administration contracts	47
Enel, S.p.A.	Gas Aragón, S.A.	Contractual	Collaboration or administration contracts	304
Enel, S.p.A.	Gas Y Electricidad De Generación, S.A.U.	Contractual	Collaboration or administration contracts	2,839
Enel, S.p.A.	Synapsis Soluciones Y Servicios It Ltda	Contractual	Services rendered	260
Enel, S.p.A.	Unión Eléctrica Canarias Generación, S.A.U.	Contractual	Collaboration or administration contracts	4,471

C.3. Give details of material transactions entailing a transfer of funds or obligations between the Company or entities of its group and Company directors or management:

C.4. Give details of material transactions by the Company with other companies in the Group, provided said transactions are not eliminated in the process of preparing the consolidated financial statements and are not conducted within the Company's ordinary course of business, as regards their subject-matter or terms and conditions:

C.5. State whether the members of the Board of Directors have at any time during the year found themselves in a conflict of interest pursuant to Article 127.3 of the Spanish Companies Act.

YES

Name or Company name of director: Mr. Claudio Machetti

Description of the conflict of interest: The institutional outside directors of Enel have a conflict of interest with the intra-group service agreement between ENEL SpA and ENDESA, S.A., and with the integration of ENDESA S.A. and ENEL GREEN POWER SpA's renewable energy operations in Spain and Portugal under ENEL GREEN POWER, SpA (which is 100% owned by ENEL SpA) the statutory activity of which is the development of renewable energies worldwide. In both cases, the above-mentioned director excused himself from the Board meeting for these agenda items.

Name or Company name of director: Mr. Fulvio Conti

Description of the conflict of interest: The institutional outside directors of Enel have a conflict of interest with the intra-group service agreement between ENEL SpA and ENDESA, S.A., and with the integration of ENDESA S.A. and ENEL GREEN POWER SpA's renewable energy operations in Spain and Portugal under ENEL GREEN POWER, SpA (which is 100% owned by ENEL SpA) the statutory activity of which is the development of renewable energies worldwide. In both cases, the above-mentioned director excused himself from the Board meeting for these agenda items.

Name or Company name of director: Mr. Gianluca Comin

Description of the conflict of interest: The institutional outside directors of Enel have a conflict of interest with the intra-group service agreement between ENEL SpA and ENDESA, S.A., and with the integration of ENDESA S.A. and ENEL GREEN POWER SpA's renewable energy operations in Spain and Portugal under ENEL GREEN POWER, SpA (which is 100% owned by ENEL SpA) the statutory activity of which is the development of renewable energies worldwide. In both cases, the above-mentioned director excused himself from the Board meeting for these agenda items.

Name or Company name of director: Mr. Luigi Ferraris

Description of the conflict of interest: The institutional outside directors of Enel have a conflict of interest with the intra-group service agreement between ENEL SpA and ENDESA, S.A., and with the integration of ENDESA S.A. and ENEL GREEN POWER SpA's renewable energy operations in Spain and Portugal under ENEL GREEN POWER, SpA (which is 100% owned by ENEL SpA) the statutory activity of which is the development of renewable energies worldwide. In both cases, the above-mentioned director excused himself from the Board meeting for these agenda items.

C.6. Give details of the mechanisms in place for detecting, identifying and resolving any potential conflicts of interest between the Company or the Group and its directors, management and significant shareholders.

Article 29 of the Regulations of the Board of Directors establishes that:

Directors shall refrain from using the Company's name or relying on their status as directors thereof to perform transactions for their own account or for that of people related to them.

Directors shall refrain from making investments for their own benefit or that of persons relating to them, or any transactions linked with the Company's assets, of which they have been apprised due to their position, when the investment or the transaction had previously been offered to the Company or the Company had an interest in it, provided that the Company had not dismissed said investment or transaction without the intervention of the director.

Directors shall notify the Board of Directors of any situation that may conflict, directly or indirectly, with the Company interest. In the event of a conflict of interest, they shall refrain from participating in the transaction to which the conflict refers.

In all cases, Company directors' conflicts of interests shall be reported in the Corporate Governance Annual Report.

Directors shall notify their interest in companies engaging in an activity that is identical, similar or complementary to the Company's statutory activity, as well as positions or functions performed therein, and engagement in an activity that is identical, similar or complementary to the Company's statutory activity for their own account or that of people related to them. Such information shall be included in the Annual Report.

Article 26 of the Regulations of the Board of Directors establishes Directors' responsibilities, determining that:

All directors are responsible for helping the Board fulfil its functions of fostering and monitoring the Company's management. They shall perform their duties with allegiance to the corporate interest, loyalty and diligence. Their actions shall be guided solely by the Company's corporate interests, interpreted independently, always striving to defend and protect the interests of shareholders as a whole, from whom their powers derive and to whom they shall be accountable.

Among other things, directors are obliged, by virtue of their office, to report transactions by relatives or companies related to the Director in terms of equity, that are relevant to the Company's management.

Article 29 of the Regulations of the Board of Directors regarding Directors' use of information and corporate assets establishes that:

Directors shall refrain from using non-public information for private purposes, except in the absence of any harm to the Company, or when the information is not relevant for the purchase or sale of Company securities. The rules of conduct established by law and under the Company's Internal Code of Conduct in the Securities Market shall always be observed.

Directors shall refrain from using Company assets or their own status in the Company to obtain an undue personal economic gain, unless adequate consideration be given. Should the director be exempted from payment of said consideration, the economic gain thus obtained shall be considered indirect remuneration and must be authorised by the Appointments and Remuneration Committee.

Finally, with regard to conflicts of interest, the Internal Code of Conduct establishes that:

Individuals subject to the Code (directors, senior management, management, employees, external advisors) shall inform the General Secretary of possible conflicts of interest that may arise from ownership of personal or family assets, or from any cause that may interfere with the activities that are addressed in this Code.

In case of doubt regarding potential conflict of interest, individuals subject to the Code shall consult the General Secretary, who shall settle the issue in writing. The General Secretary may submit the matter to the Audit and Compliance Committee, when deemed necessary due to its relevance or complexity.

Should the party affected by a conflict of interest be a member of the Audit and Compliance Committee or the Chief Executive Officer, the Committee shall rule on the matter. Should the affected party be the General Secretary, (s)he shall notify the Chief Executive Officer of the potential conflict that (s)he may rule on the matter or, if appropriate, submit it to the Audit and Compliance Committee.

C.7. Is more than one Group Company publicly traded in Spain?

NO

Identify subsidiaries listed in Spain:



Risk Control Systems

D.1. General description of the risk policy of the Company or its Group, giving details of and evaluating the risks covered by the system, together with evidence that the system is appropriate for each type of risk.

Risk management involves guiding and directing strategic, organisational and operating activities to enable management to maximise Company profit, maintain or increase its equity above certain levels and prevent future events from undermining the Company's profit targets.

Risk management is part of corporate governance and is promoted by the Company's senior executives. To be effective, risk management must consider risk one more aspect of operating plans, and factors that might affect achievement of business objectives must be identified and analysed, and their consequences quantified to determine which actions need to be taken to help ensure that targets will be achieved.

The following general principles of risk management are followed in Endesa:

1. Global risk strategies addressing tactical and operational issues are established and developed to provide guidance in defining and deploying the various types and levels of risk within the Company, consistently with its business objectives.
2. The Endesa Risk Committee defines, approves and updates the fundamental principles and criteria that must govern risk-related initiatives.
3. Endesa's Risk Committee is also responsible for approving Endesa's global risk policy and strategy, which form the framework of its corporate departments and businesses.
4. Any action involving higher levels of potential risk than those established by Endesa's Risk Committee must be approved by said Committee.
5. In addition to the above-mentioned authorities, risk management is broken down in operational terms into separate risk control and risk management functions.
6. A single risk control function serves all of Endesa and is included in its hierarchy. Its responsibility is to ensure that all risk-related activities comply with risk policy.
7. Each corporate department or business has its own risk management function, the responsibility of which is to manage the risks under its authority and implement risk controls that ensure compliance with the instructions and limits approved by Endesa's Risk Committee.

The risks to which Endesa's activities are exposed are grouped as follows:

- Business risk: this type of risk includes:
 - Legal risk, which is the uncertainty deriving from government or legal action or the application and interpretation of contracts, laws or regulations.

- Strategic and regulatory risk, connected to possible loss of value or losses as a result of strategic uncertainties, changes in the environment or market/competition, and regulatory framework. This includes country risk, the risk of restrictions on dividends and nationalisation, either in full or through expropriation regulations.
- Market risk: risk of fluctuations in prices and other market variables leading to changes in enterprise value or profits. These risks are classified as:
 - Commodity risk, or risk of fluctuations in the prices of raw materials of energy or fuel, in their respective quoted currencies.
 - Interest rate risk: the risk of fluctuations in interest rates, loan spreads or inflation.
 - Currency risk: the risk associated with foreign currency exchange rates.
 - Liquidity and financial risk: in relation with liabilities, the risk of failing to complete transactions or meet obligations deriving from financial or operating activities due to lack of funds or access to financial markets; in relation with assets, the risk of being unable to find a buyer for assets at their market price at any given time, or the absence of a market price.
 - Equity risk, or the risk of fluctuations in share prices or other share indices.
 - Credit or counterparty risk: the risk of insolvency, receivership or bankruptcy or of possible default on payments of quantifiable or monetary obligations, by counterparties to whom the Company has granted net credit, for any reason, and which is pending settlement or collection.
 - Operational risk: the risk of incurring losses due to the absence or inadequacy of procedures, human resources or systems, or due to external events.

Endesa's risk control system, in which global risk is defined as the risk resulting from consolidation of all risks to which it is exposed, taking into account the mitigating effects between the various risk exposures and risk categories, enables the risk exposure of the Company's business areas and units to be consolidated and measured, and the corresponding management information to be drawn up for decision-making on risk and appropriate use of capital.

The risk management and control model is based partly on the ongoing study of the risk profile, current best practices in the electricity sector or benchmark practices in risk management, criteria for standardising measurements and the separation of risk managers and risk controllers. It is also based on ensuring that the risk assumed is proportional to the resources required to operate the businesses, optimising their risk-return ratio.

Risk management and control is the set of activities involved in identifying, measuring, controlling and managing the various risks incurred by the Company and its businesses. Its aim is to adequately control and manage those risks.

- Identification: The purpose of identifying Endesa Group risks is to maintain a prioritised and updated repository of all the risks assumed by the corporation through coordinated and efficient participation at all levels of the Company. This process is based on the following tasks:

- Continuously identify relevant new risks or opportunities assumed by the Group.
 - Include and periodically update the features and descriptions of identified risks.
 - Carry out a preliminary measurement of identified risks.
 - Prioritise risks by relative importance according to the established classification criteria.
 - Integrate the information gathered into the Endesa Group Risk Map included in the corporate reporting scheme.
- **Measurement:** The purpose of measuring parameters that allow Endesa Group risks to be aggregated and compared is to quantify overall exposure to risk, including all of the Group's positions. The following measures may be applied, depending on the type of decision to be made: Value at Risk, EBITDA at Risk, Margin at Risk. This is achieved through the following tasks:
 - Timely collection of unique, consistent and reliable information on risk positions and factors.
 - Consistent modelling of risk positions and factors.
 - Compilation of metrics encompassing all Endesa Group risks.
 - Compilation of supplementary metrics to understand the risk structure assumed by Endesa Group.
 - Inclusion of metrics information in the corporate risk reporting scheme.
- **Control:** The purpose of risk control is to guarantee that the risks assumed by Endesa as a whole are appropriate. This is achieved through the following tasks:
 - Definition of quantitative references (limits) that reflect Endesa's strategy and its risk predisposition as defined by senior management.
 - Monitoring of set limits.
 - Identification and consideration of possible breaches of set limits.
 - Establishment of actions, processes and information flows needed to allow for periodic review of limits in order to take advantage of specific opportunities arising from each activity.
- **Management.** The purpose of risk management is to implement actions aimed at adjusting the risk levels at each level of the Company to the set risk tolerance and predisposition.

D.2. State whether any of the various types of risk that affect the Company or its Group (operational, technological, financial, legal, reputational, tax, etc.) have materialised during the year:

YES

If so, describe the circumstances that gave rise to these risks and state whether the control systems in place did their job properly.

Risk materialised during the year: There is a constant exposure to risk, including regulatory risk, interest rate risk, exchange rate risk, etc.

Circumstances giving rise to risk: Risks have remained within normal limits in proportion to the activity carried out over the fiscal year.

Control system performance: Control systems have worked correctly.

D.3. Indicate whether any committee or other governing body is responsible for establishing and overseeing these control mechanisms.

YES

If so, provide details of its functions.

Name of committee or body: Endesa Risk Commission

Description of functions: Regular monitoring of Endesa's risk exposure, as well as that of its businesses and corporate departments, and analysis of relevant risks that may affect Annual Operating Plan forecasts and significant transactions.

The Commission's main functions are:

- Analysing and drawing up recommendations on the suitability of risk control procedures.
- Analysing breaches of the policies or limits approved by the Commission within the scope of the risk management standard.
- Monitoring cases of exceeded risk limits and corrective action taken by the Commission.
- Supervising and discussing the risk impact of relevant transactions.

Composition of Endesa's Risk Commission.

Chairman:

Deputy General Manager, Risks and Investor Relations

Members:

Director of Risk Control

Deputy Director of Corporate, Energy and Credit Risk Control

Deputy Director of Financial Risk Control

Director of Risk Analysis and Management

Regional Manager of Energy Management in Latin America

Director of Capital Markets and Financial Risk Management

Deputy General Manager of Finance

Deputy General Manager of Business Strategy

Deputy General Manager Planning and Control Spain and Portugal

Director Planning and Control Latin America

Director Legal, Corporate and Financial Advisory

Director of Social Benefits

Director of Internal Audit

Secretary:

Deputy Director of Corporate, Energy and Credit Risk Control

Name of committee or body: Audit and Compliance Committee

Description of functions: This committee belongs to the Board of Directors of Endesa, S.A. and is responsible for promoting and supervising risk management within the scope of internal audit and compliance.

Nombre de la comisión u órgano: Comité de Riesgos de Endesa.

Descripción de funciones: El Comité de Riesgos de Endesa es el órgano encargado de definir, aprobar y actualizar los principios básicos en los que se han de inspirar las actuaciones relacionadas con el riesgo.

Name of committee or body: Endesa Risk Committee

Description of functions: Endesa's Risk Committee is responsible for defining, approving and reviewing the basic principles that provide guidance for risk-related activities.

The main functions of Endesa's Risk Committee (hereinafter, ERC) are:

- To approve and issue Endesa's global risk policy, and to file it in the form of a legal document.
- Approve significant transaction types and thresholds and make them, at least during the preparation of the Annual Operating Plan
- Identify the corporate departments that manage the value of a portfolio, margin or costs and, where applicable, risks that might exist within the Company that are not managed by any units.
- Establish and review the criteria, basic principles and overall risk strategy in the context of activities in Endesa's various corporate departments or businesses:
- Ensure their adaptation and development within the corporate departments and businesses.
- Approve Endesa's global risk assessment methods.
- Approve overall risk limits for the corporate departments and businesses as proposed by the Chief Financial Officer.
- Resolve any risk-related disputes.
- Review Endesa's risk exposure at least on a quarterly basis.
- Supervise information on transactions identified as significant.
- On the basis of management reports, analyse the impact on business results of transactions classified as significant.
- Analyse Endesa's risk exposure, as well as that of its businesses and corporate departments.
- Authorise transactions that exceed the limits set by the ERC owing to their high risk impact.
- Provide instructions for corrective action to be taken in case of breach of any aspect of the regulatory framework for risk.

Composition of Endesa's Risk Committee:

Chairman:

Chief Executive Officer

Members:

Chief Financial Officer

General Manager, Spain and Portugal

General Manager, Latin America

General Manager, Strategy and Development

Secretary:

Deputy General Manager, Risks and Investor Relations

Name of committee or body: Business Risk Committee

Description of functions: This Committee's mission is to apply the risk policy pertaining to Endesa and to the business.

The main functions of the Committee are:

- To approve business risk policy, based on Endesa's global risk policy, issued it and file it in the form of a legal document.
- To provide instructions for corrective action to be taken in case of breach of Endesa's internal regulations.
- To analyse and review periodically the level of risk exposure of its business and companies.
- Authorising transactions that exceed the limits set owing to their high risk impact or, when necessary, transferring them to the ERC.
- Keep Endesa's Risk Committee abreast of the main agreements reached in this area.

D.4. Identification and description of procedures for compliance with the various regulations governing the Company or its Group.

The Company and its subsidiaries carry out their activities within various regulatory frameworks relating to the sector, the securities market, the environment, labour law, tax law, etc., both in Spain and in the other countries where they operate. Rules, procedures and controls have therefore been established to ensure compliance or, where applicable, to correct non-compliance promptly.

Each of the Company's corporate or business areas is responsible for compliance with the regulations applicable to the sector in which it operates. However, there are four units whose responsibilities are clearly delimited to ensure compliance with internal and external regulations affecting Endesa and its subsidiaries:

- General Secretariat and Board of Directors Secretariat, responsible for ensuring that the actions of the Company's Governance bodies are in formal and substantive compliance with the law, verifying compliance with the Bylaws and provisions of regulatory bodies; and ensuring compliance with the procedures and principles of good governance.
- Directorate General of Legal Advisory, responsible for promoting measures to guarantee compliance by Endesa and its Group companies with current legislation in all applicable aspects. Internal procedures therefore ensure its involvement in all business areas in which the legal impact is significant. When necessary, the Company also employs external advice on regulations that affect the Company whether in Spain or in other countries where it is present.
- Directorate General of Audit, responsible for ensuring compliance with Endesa's internal regulations, which are directly applicable to fully owned Endesa subsidiaries. In all the other companies in which Endesa holds an interest, its representatives in governance and management bodies shall promote the adoption of the internal regulations. It is also responsible for coordinating and monitoring the work performed by external audit companies.
- Directorate General of Finance, responsible for monitoring and coordinating financing of business areas and subsidiaries, identifying, assessing and controlling risk, and verifying whether corporate businesses and areas are within the established limits.

E

General Meeting

E.1. State whether there are differences between the quorum provisions laid down in the Spanish Companies Act in respect of General Meetings. If so, give details.

NO

	% quorum different from that set out in Article 102 of the Spanish Companies Act for general matters	% quorum different from that set out in Article 103 of the Spanish Companies Act for special cases under Article 103
Quorum required at 1 st call	0	0
Quorum required at 2 nd call	0	0

E.2. State whether there are any differences with the rules laid down in the Spanish Companies Act regarding the adoption of resolutions. If so, provide details.

NO

Describe how they differ from the provisions of the Spanish Companies Act:

E.3. List any shareholder rights in connection with General Meetings that differ from those contained in the Spanish Companies Act.

Neither the Bylaws nor the Regulations governing the General Shareholders' Meeting grant Company shareholders any rights other than those set out in the Spanish Companies Act, for common shares, non-voting shares, redeemable shares or preferred shares.

E.4. Indicate the measures, if any, adopted to encourage shareholder participation at General Meetings.

Pursuant to the Bylaws, the Company approved Regulations governing the General Shareholders' Meeting aimed at increasing shareholder interest therein by implementing appropriate mechanisms to provide them with information and encourage them to contribute to the development of corporate action by exercising their right to intervene in debates and to vote.

Insofar as possible, ENDESA implements an active policy aimed at disseminating its call to the General Meeting as widely as possible, trying to foster shareholder participation through measures such as:

- Giving maximum publicity to the call to General Meeting, publishing it in the BORME (Official Gazette of the Mercantile Registry) as well as in several national newspapers, and providing as much notice as possible between issuance of the call notice and the General Meeting. In 2010, it gave 34 days' notice, in 2009, 34 and 38 days' notice (the Ordinary General Shareholders' Meeting and Extraordinary General Shareholders' Meeting), in 2008, 32 days, in 2007, 36 and 52 days' (Ordinary General Shareholders' Meeting and Extraordinary General Shareholders' Meeting), in 2006, 32 days' notice, and 35 days in 2005, giving shareholders the entire content of resolutions and other information with plenty of time in advance.

- Increasing regular communication channels between shareholders and the Company, making another mailbox available on the website under the caption General Shareholders' Meeting.
- Live broadcasting of the Annual General Meeting on the Company's website (www.endesa.es).
- Remote, regular mail and electronic voting and proxy in the 2010, 2009, 2008, 2007, 2006 and 2005 Ordinary and Extraordinary General Shareholders' Meetings.

In short, in recent years the Company has made a sustained effort to achieve the highest shareholder participation possible at the General Meetings. Over the last five years, the following quorums have been achieved:

Year	Quórum	
2005	66.23%	
2006	48.26%	
2007	75.11%	Annual General Meeting
2007	93.57%	Extraordinary General Meeting
2008	93.84%	
2009	93.54%	Annual General Meeting
2009	93.75%	Extraordinary General Meeting
2010	93.99%	

E.5. Indicate whether the Chairman of the Board of Directors chairs General Meetings. Give details of which measures, if any, are adopted to ensure the independence and correct functioning of the General Meeting:

YES

Details of measures

The independence and correct implementation of the General Shareholders' Meeting resides in the General Shareholders' Meeting Regulations adopted in 2003, Article 1 of which states that said Regulations: govern, pursuant to legal provisions and the Bylaws, the structure and functioning of the General Shareholders' Meeting, its call, preparation, information, attendance and development to allow shareholders to exercise their rights, thereby contributing to developing the corporate will by exercising their right to intervene in debates and to vote.

E.6. Indicate, if applicable, any amendments introduced to the General Meeting Regulations during the year.

E.7. Provide attendance figures for the General Meetings held in the year to which this report pertains:

Attendance data					
Date of General Meeting	% attendance in person	% attendance by proxy	% by remote voting		Total
			Electronic vote	Other	
21/06/2010	92.072	1.908	0.000	0.015	93.995

E.8. Briefly indicate the resolutions adopted at the General Meetings held in the year to which this report pertains and the percentage of votes with which each resolution was passed.

Ordinary General Meeting 21 June 2010

One. Review and approval, as applicable, of the individual annual accounts of Endesa, S.A. (balance sheet, income statement, statement of changes in equity, statement of cash flows and notes to the accounts) and the consolidated annual accounts of Endesa, S.A. and Subsidiaries (consolidated balance sheet, consolidated income statement, consolidated statement of changes in equity, consolidated statement of cash flows and notes to the consolidated accounts) for the year ended 31 December 2009.

This resolution is approved by majority vote, in favour: 995,176,754 shares, 99.99974%; against: 410 shares, 0.00004%; abstention: 2,151 shares, 0.00022%; blank: 0 shares.

Two. Review and approval, as applicable, of the individual directors' report for Endesa, S.A. and the consolidated directors' report for Endesa, S.A. and Subsidiaries for the year ended 31 December 2009.

This resolution is approved by majority vote, in favour: 995,176,235 shares, 99.99969%; against: 410 shares, 0.00004%; abstention: 2,670 shares, 0.00027%; blank: 0 shares.

Three. Review and approval, as applicable, of the Company management for the year ended 31 December 2009.

This resolution is approved by majority vote, in favour: 994,504,099 shares, 99.93215%; against: 670,446 shares, 0.06737%; abstention: 4,770 shares, 0.00048%; blank: 0 shares.

Four. Review and approval, as applicable, of the distribution of the profit and of the dividend for the year ended 31 December 2009.

This resolution is approved by majority vote, in favour: 995,174,225 shares, 99.99949%; against: 105 shares, 0.00001%; abstention: 4,985 shares, 0.00050%; blank: 0 shares.

Five. The Board of Directors shall have the power for the next five years to issue debentures, bonds, commercial paper and other fixed income securities of a similar nature, both simple and redeemable or convertible into Company shares or warrants. Convertible securities or those that carry the right to subscribe new shares shall be able to exclude preferential subscription rights of shareholders, and shall be able to issue preference shares guarantee issues by Group companies, and file for a listing on the secondary market.

This resolution is approved by majority vote, in favour: 994,364,012 shares, 99.91808%; against: 806,327 shares, 0.08102%; abstention: 8,976 shares, 0.00090%; blank: 0 shares.

Six. Authorisation for the Company and its subsidiaries to acquire treasury shares pursuant to Article 75 and the first additional provision of the Spanish Companies Act.

This resolution is approved by majority vote, in favour: 994,679,520 shares, 99.94978%; against: 496,972 shares, 0.04994%; abstention: 2,823 shares, 0.00028%; blank: 0 shares.

Seven. Amendment of the Regulations governing the Board of Directors.

Point raised for informational purposes.

Eight. Authorisation of the Board of Directors to implement and develop the resolutions adopted by the General Meeting and to delegate the powers conferred by the Meeting, and granting of powers to formalise and register said resolutions and any respective amendments.

This resolution is approved by majority vote, in favour: 995,106,284 shares, 99.99266%; against: 68,844 shares, 0.00692%; abstention 4,187 shares, 0.00042%; blank: 0 shares.

Further information on the resolutions adopted by the General Meeting held in 2010 available on Endesa's website (www.endesa.es).

E.9. Indicate whether the Bylaws contain any restriction on the minimum number of shares required to attend the General Meeting.

NO

Number of shares required to attend a General Meeting

E.10. Indicate and provide support for the policy followed by the Company with respect to proxy voting at the General Meeting.

The policy adopted by the Company on this matter observes its Bylaws, the General Shareholders' Meeting Regulations and current law.

E.11. Indicate whether the Company is aware of the policy of institutional investors regarding participation in Company decisions.

NO

E.12. Indicate the URL and means of accessing corporate governance content on your website.

The Company's website is www.endesa.es, although access is also possible through www.endesa.com. The Company's homepage contains two separate channels for viewing information on Corporate Governance:

- Corporate Governance (http://www.endesa.es/Portal/en/corporate_governance_2010/default.htm)
- Investors (http://www.endesa.es/Portal/en/investors_new/default.htm)

This information is also available in English, although the structure differs from that of the Spanish website.



Degree of Compliance with Corporate Governance Regulations

State the extent to which the Company complies or fails to comply with Unified Code recommendations. In case of non-compliance in respect of any of the recommendations, explain the recommendations, rules, practices or criteria applied by the Company.

1. The Bylaws of listed companies should not place an upper limit on the votes that can be cast by a single shareholder, or impose any other obstacles to the takeover of the Company by purchasing shares on the market.

See subsections: A.9, B.1.22, B.1.23 and E.1, E.2

Complies

2. When a parent and a subsidiary Company are both listed, both should provide detailed disclosure on:

- a) The type of activity they engage in, and any business dealings between them, as well as between the subsidiary and other Group companies;
- b) The mechanisms in place to resolve possible conflicts of interest.

See subsections: C.4 and C.7

Not applicable

3. Even when not expressly required under [Spanish] Company law, any decisions involving a change in corporate structure should be submitted to the General Shareholders' Meeting for approval, particularly:

- a) The transformation of listed companies into holding companies through the process of 'subsidiarisation', i.e. reallocating core activities that were previously carried out by the originating firm to subsidiaries, even though the former retains full control of the latter;
- b) Any acquisition or disposal of key operating assets that would effectively alter the Company's statutory activity;
- c) Operations that are tantamount to the Company's liquidation.

Complies

4. Detailed proposals of the resolutions to be adopted at the General Shareholders' Meeting, including the information stated in Recommendation 28, should be made available at the same time as the publication of the Meeting notice.

Complies

5. Separate votes should be taken at the General Shareholders' Meeting on issues that are materially separate such that shareholders may express their preferences on each issue. This rule shall apply in particular to:

- a) The appointment or ratification of directors, who must be voted on individually;
- b) Amendments to the Bylaws, with votes taken on all Articles or groups of Articles that are materially different.

See subsection: E.8

Complies

6. Companies should allow split votes, such that financial intermediaries acting as nominees on behalf of different clients may issue their respective votes in accordance to their respective instructions.

See subsection: E.4

Complies

7. The Board of Directors should perform its duties with unity of purpose and independent judgement, according all shareholders the same treatment. It should be guided at all times by the Company's best interest, striving to maximise its value over time.

It should likewise ensure that the Company abides by the laws and regulations in its dealings with stakeholders, fulfils its obligations and contracts in good faith, respects the customs and good practices of the sectors and territories where it does business, and upholds any additional social responsibility principles it has subscribed voluntarily.

Complies

8. The Board should consider it its basic mission to approve the Company's strategy and authorise the organisational resources required to carry it forward, and to ensure that management meets the established objectives while pursuing the Company's interests and statutory activity. As such, the Board in full should reserve the right to approve:

- a) The Company's general policies and strategies, particularly:
 - i) The strategic or business plan, the annual management objectives and the annual budgets.
 - ii) Investment and financing policy.
 - iii) Definition of the structure of the corporate Group.
 - iv) Corporate governance policy.
 - v) Corporate social responsibility policy.
 - vi) Compensation and performance evaluation policy for senior management.
 - vii) Risk control and management policy, as well as periodic monitoring of internal reporting and control systems.
 - viii) Dividend policy and treasury stock policy, particularly limits thereon.

See subsections: B.1.10, B.1.13, B.1.14 and D.3

b) The following decisions:

- i) At the proposal of the Company's chief executive, appointments and removals of senior management, and their indemnity clauses.

See subsection: B.1.14

- ii) Remuneration of directors and, in the case of executive directors, additional compensation for their executive functions and other conditions to be fulfilled by their contracts.

See subsection: B.1.14

- iii) Financial information that must be periodically disclosed by the Company as a result of being listed.
 - iv) Investments or operations considered strategic by virtue of their value or their special nature, unless their approval lies with the General Shareholders' Meeting;
 - v) The creation or acquisition of shares in special purpose vehicles or entities resident in countries or territories having the consideration of tax haven, and any other transactions or operations of a comparable nature whose complexity might impair the transparency of the group.
- c) Transactions between the Company and directors, significant shareholders, shareholders with Board representation or other persons related thereto ("related-party transactions").
However, the Board's authorisation is not required for related-party transactions that meet all of the following three conditions:
1. They are governed by standard form agreements applied on an across-the-board basis to a large number of clients.
 2. They are carried out at the market rates set by the supplier of the goods or services.
 3. Their amount is equivalent to no more than 1% of the Company's annual revenues. It is advisable that related-party transactions be approved by the Board only on the basis of a favourable report from the Audit Committee, or from another committee handling the same function; and that the directors involved should neither exercise nor delegate their votes, and should withdraw from the meeting room while the Board deliberates and votes.

It is advisable that the Board not be able to delegate the above powers invested in it, with the exception of those mentioned in b) and c), which may be delegated to the Executive Committee in urgent cases, to be ratified later by the full Board.

See subsections: C.1 and C.6

Complies

- 9.** The Board of Directors should be of a size such as to maximise its effectiveness and participation. It is therefore advisable that it comprise no fewer than five and no more than fifteen members.

See subsection: B.1.1

Complies

10. Institutional outside and independent directors should occupy an ample majority of Board places, while executive directors should be as few as possible, bearing in mind the complexity of the corporate Group and the size of the shareholdings of said directors.

See subsections: A.2, A.3, B.1.3 and B.1.14

Complies

11. In the event that an external director is neither institutional nor independent, the Company should disclose this circumstance and the links between that person the Company, its senior officers and its shareholders.

See subsection: B.1.3

Not applicable

12. That among outside directors, the proportion of institutional outside directors and independent directors should match the proportion between the capital represented on the Board by institutional outside directors and the remainder of the Company's capital.

This proportional criterion may be relaxed such that the proportion of institutional outside directors is greater than would strictly correspond to the total percentage of capital they represent:

- 1.º In large companies where few or no equity stakes attain the legal threshold for significant shareholdings, but where there are shareholders with sizeable shareholdings.
- 2.º In companies with a plurality of shareholders represented on the Board but not otherwise related.

See subsections: B.1.3, A.2 and A.3

Complies

13. The number of independent directors should represent at least one third of all Board members.

See subsection: B.1.3

Complies

14. The Board should explain the nature of each director to the General Meeting of Shareholders, which will appoint him or her or ratify his or her appointment. Such determination should subsequently be confirmed or reviewed in each year's Annual Corporate Governance Report, after verification by the Appointments Committee. The aforementioned Report should also disclose the reasons for the appointment of institutional outside directors at the urging of shareholders controlling less than 5% of capital; and explain any rejection of a formal request for a Board seat by shareholders whose equity stake is equal to or greater than that of other successful applicants for an institutional outside directorship.

See subsections: B.1.3 and B.1.4

Complies

15. When female directors are few or non-existent, the Board should state the reasons, and the steps taken to correct them; in particular, the Appointments Committee should take steps to ensure that when filling Board vacancies:

- a) There is no implicit bias against female candidates;
- b) The Company makes a conscious effort to include women with the target profile among the candidates for Board positions.

See subsections: B.1.2, B.1.27 and B.2.3

Complies

16. The Chairman, as the person responsible for the proper operation of the Board of Directors, should: ensure that directors are supplied with sufficient information in advance of Board meetings; work to encourage debate and the active involvement by all members, safeguarding their rights to freely express and adopt positions; he or she should organise and coordinate the periodic evaluations of the Board with the chairmen of the relevant Board committees and, where applicable, with the Company's Chief Executive Officer.

See subsection: B.1.42

Complies

17. When the Chairman of the Board is also the Company Chief Executive Officer, an independent director should be empowered to call Board meetings or include new business on the agenda, coordinate and voice the concerns of outside directors, and direct the Board's evaluation of the Chairman.

See subsection: B.1.21

Not applicable

18. The Secretary should take special care to ensure that the Board's actions:

- a) Adhere to the spirit and letter of laws and their implementing regulations, including those issued by regulatory agencies;
- b) Comply with the Company Bylaws and the Regulations of the General Shareholders' Meeting, the Board of Directors and any others the Company may have in place.
- c) Adhere to the good governance recommendations set out in the Unified Code subscribed to by the Company. In order to safeguard the independence, impartiality and professional capacity of the General Secretary, his or her appointment and removal should be proposed by the Appointments Committee and approved by the full Board meeting. The relevant appointment and removal procedures should be detailed in the Board's regulations.

See subsection: B.1.34

Complies

19. The Board should meet as frequently as necessary to properly perform its functions, in accordance with the calendar and agendas established at the beginning of the year, to which each Director may propose the addition of other items.

See subsection: B.1.29

Partly complies

With regard to including new matters in the agenda, Article 46 of the Bylaws establishes that: The Board shall discuss the agenda and any matters proposed by the Chairman or by the majority of its members, both present and represented. Furthermore, Article 10.2 of the Regulations of the Board of Directors states that one third of its members may request, prior to the Board meeting, the inclusion of those points they consider should be addressed.

20. Director's absences should be kept to a minimum and included in the Annual Corporate Governance Report. When directors have no choice but to delegate their vote, they should issue instructions thereon.

See subsections: B.1.28 and B.1.30

Complies

21. When directors or the Secretary express concern about a specific proposal or, in the case of directors, about the Company's performance, and said concerns are not resolved at the meeting, the person expressing them may request that they be recorded in the minute book.

Not applicable

22. The Board in full should evaluate the following points on a yearly basis:

- a) The quality and efficiency of the Board's operation.
- b) The performance of the Chairman and the Chief Executive Officer, based on a report by the Appointments Committee.
- c) The performance of its Committees, based on the reports provided by them.

See subsection: B.1.19

Complies

23. All directors should be able to exercise their right to receive any additional information they require on matters within the Board's competence. Unless the Bylaws or Regulations of the Board of Directors indicate otherwise, said requests should be addressed to the Chairman or the Secretary of the Board.

See subsection: B.1.42

Complies

24. All directors should be entitled to obtain from the Company the advice and guidance they need to carry out their duties. The Company should provide suitable channels to exercise this right, which may in special circumstances extend to external assistance at the Company's expense.

See subsection: B.1.41

Complies

25. Companies should organise induction programmes for new directors to acquaint them rapidly with the workings of the Company and with its corporate governance rules. Directors should also be offered refresher programmes when circumstances so advise.

Complies

26. Companies should require their directors to devote sufficient time and effort to perform their duties efficiently. Consequently:

- a) Directors should apprise the Appointments Committee of any other professional obligations, in case they might prevent the necessary dedication.
- b) Companies should lay down rules concerning the number of boards on which their Board members may sit.

See subsection: B.1.8, B.1.9 and B.1.17

Partly complies

The rule regarding the number of boards on which directors may sit was removed by amendment to the Bylaws during the Extraordinary General Shareholders' Meeting of 25 September 2007.

27. Proposals for the appointment or renewal of directors submitted by the Board to the General Shareholders' Meeting, and provisional appointments by the method of co-option, should be approved by the Board:

- a) At the proposal of the Appointments Committee, for independent directors.
- b) Subject to a report from the Appointments Committee, for all other cases.

See subsection: B.1.2

Complies

28. Companies should post and regularly update the following directors' particulars on their websites:

- a) Professional experience and background.
- b) Directorships held in other companies, listed or otherwise;
- c) Type of directorship (executive, institutional or independent) and, in the case of institutional outside directors, shareholder that they represent or have links with.

- d) The date of initial and subsequent appointments as Company director, and;
- e) Company shares and share options held.

Complies

29. Independent directors should not stay on for more than 12 consecutive years.

See subsection: B.1.2

Complies

30. Institutional directors should tender their resignation when the shareholders they represent dispose of their stake in its entirety. If said shareholders reduce their stakes, thereby losing some of their entitlement to institutional outside directorships, the latter should be reduced accordingly.

See subsections: A.2, A.3 and B.1.2

Complies

31. The Board of Directors should not propose the removal of independent directors before the expiry of their tenure as mandated by the Bylaws, except when just cause is found by the Board, based on a proposal from the Appointments Committee. In particular, just cause shall be presumed when a director is in breach of his or her fiduciary duties or comes under one of the disqualifying grounds enumerated in section III.5 (Definitions) of this Code.

In order to meet the proportionality criterion set out in Recommendation 12, the removal of independents may also be proposed when a takeover bid, merger or similar corporate operation results in changes to the Company's capital structure.

See subsections: B.1.2, B.1.5 and B.1.26

Complies

32. Companies should establish rules obliging directors to inform the Board of any circumstance that might harm the organisation's name or reputation, and, if appropriate, tendering their resignation, with particular mention of any criminal charges brought against them and the progress of any subsequent trial.

If a director is indicted or tried for any of the crimes stated in Article 124 of the Spanish Companies Act, the Board should examine the matter and, based on the particular circumstances and potential harm to the Company's name and reputation, decide whether he or she should be called on to resign. The Board should also disclose all said determinations in the Annual Corporate Governance Report.

See subsections: B.1.43 and B.1.44

Complies

33. All directors should express clear opposition when they feel a proposal submitted for the Board's approval might damage the corporate interest. In particular, independents and other directors unaffected by the conflict of interest should challenge any decision that could go against the interests of shareholders lacking Board representation.

When the Board makes material or reiterated decisions about which a director has expressed serious reservations, he or she must draw the pertinent conclusions. Directors resigning for said causes should set out their reasons in the letter referred to in the next Recommendation. The terms of this Recommendation also apply to the Secretary of the Board, regardless of whether he or she is a director.

Not applicable

34. Directors who give up their seat on the Board before their tenure expires, through resignation or otherwise, should state their reasons in a letter to all the other Board members. Regardless of whether or not said resignation is filed as a significant event, the reason for it must be set out in the Annual Corporate Governance Report.

See subsection: B.1.5

Not applicable

35. The Company's remuneration policy, as approved by its Board of Directors, should specify at least the following points:

- a) Amount of fixed components with, where applicable, itemised per diems for participating in Board and Committee meetings, and an estimate of the annual fixed remuneration thus obtained.
- b) Variable remuneration components, particularly:
 - i) The types of directors to which they apply, with an explanation of the relative proportion of variable to fixed remuneration items.
 - ii) Performance evaluation criteria used to calculate entitlement to the award of shares or share options or any other performance-linked remuneration;
 - iii) Basic parameters and grounds for any system of annual bonuses or other, non-cash benefits; and
 - iv) An estimate of the sum total of variable payments arising from the remuneration policy proposed, based on degree of compliance with pre-set targets or assumptions.
- c) Main features of pension systems (e.g., supplementary pensions, life insurance and similar arrangements), with an estimate of their amount or annual equivalent cost.
- d) Conditions applicable to the contracts of executive directors exercising senior management functions, including:

- i) Duration;
- ii) Notice period; and
- iii) Any other clauses covering hiring bonuses, as well as indemnities or 'golden parachutes' in the event of early termination of the contractual relation between the Company and the executive director.

See subsection: B.1.15

Complies

36. Remuneration comprising the delivery of shares in the Company or other Group companies, share options or other share-based instruments, payments linked to the Company's performance or membership of pension schemes should be confined to executive directors.

The delivery of shares is excluded from this limitation when directors are obliged to retain the shares until the end of their tenure.

See subsections: A.3 and B.1.3

Complies

37. External directors' remuneration should be sufficient to compensate them for the dedication, abilities and responsibilities that the post entails, but not so high as to compromise their independence.

Complies

38. Remuneration linked to Company earnings, deductions should be made to said earnings for any qualifications stated in the external auditor's report.

Not applicable

39. In the case of variable awards, remuneration policies should include technical safeguards to ensure that they reflect the professional performance of the beneficiaries and not simply the general progress of the markets or the Company's sector, or other similar circumstances.

Complies

40. The Board should submit a report on the directors' remuneration policy to the advisory vote of the General Shareholders' Meeting, as a separate point on the agenda. This report can be supplied to shareholders separately or in the manner each Company sees fit.

The report will focus on the remuneration policy the Board has approved for the current year with reference, as the case may be, to the policy planned for future years. It will address all the points referred to in Recommendation 35, except for those potentially entailing the disclosure of commercially sensitive information. It will identify and explain the most significant changes in remuneration policy with respect to the previous year, and shall also include a global summary of how the policy was applied over the period in question.

At the Meeting, the Board should report on the Remuneration Committee's role in designing the policy and, if applicable, the names of any external advisors engaged.

See subsection: B.1.16

Partly complies

As from its call notice, the Board of Directors offers shareholders the Directors' Remuneration Policy Report, addressing all the matters referred to by Recommendation 35 and all the other matters required therein. Nevertheless, the Regulations of the Board of Directors and the General Meeting Regulations do not include the concept of advisory vote.

41. The notes to the annual accounts should list individual directors' remuneration during the year, including:

- a) A breakdown of the remuneration obtained by each Company director including, where applicable:
 - i) Participation and attendance fees and other fixed directors' payments;
 - ii) Additional remuneration for acting as Chairman or member of a Board committee;
 - iii) Any payments made under profit-sharing or bonus schemes, and the reason for their accrual;
 - iv) Contributions on the director's behalf to defined-contribution pension plans, or any increase in the director's vested rights in the case of contributions to defined-benefit schemes
 - v) Any severance packages agreed or paid;
 - vi) Any remuneration received as directors of other Group companies;
 - vii) Remuneration received by executive directors in respect of their senior management positions;
 - viii) Any other kind of remuneration, of whatever nature and provenance within the Group, especially when it may be considered a related-party transaction or when its omission would detract from a true and fair view of the total remuneration received by the director.

- b) An individual breakdown of deliveries of shares, share options or other share-based instruments to directors, itemised by:
 - i) Number of shares or options awarded during the year, and their terms of execution;
 - ii) Number of options exercised during the year, specifying the number of shares involved and the exercise price;
 - iii) Number of options outstanding at the annual close, specifying their price, date and other exercise conditions;
 - iv) Any change during the year in the exercise terms of previously awarded options.

- c) Information on the relation during the year between the remuneration obtained by executive directors and the Company's profits, or some other measure of corporate performance.

Complies

42. When the Company has an Executive Committee, the breakdown of its members by director category should be similar to that of the Board itself. The Secretary of the Board should also act as Secretary to the Executive Committee.
See subsections: B.2.1 and B.2.6

Partly complies

The Board is composed of 44.44% institutional outside directors, 33% independent directors and 22.22% executive directors. The Executive Committee comprises 40% institutional outside directors, 20% independent directors and 40% executive directors.

43. The Board should be kept fully informed of issues discussed and decisions taken by the Executive Committee, and all Board members should receive a copy of Committee minutes.

Explain

The resolutions adopted by the Executive Committee are reported at Board meetings, but no copy is provided of the Committee minutes.

44. In addition to the Audit Committee required by the Securities Market Law, the Board of Directors should set up a committee, or two separate committees, for Appointments and Remuneration. The rules governing the composition and operation of the Audit Committee and the Appointments and Remuneration committee or committees should be laid down in the Regulations of the Board of Directors, and should include the following:

- a) The Board of Directors should appoint the members of said committees with due regard to the knowledge, aptitudes and experience of its directors, and the terms of reference of each Committee; discuss their proposals and reports; and be responsible for overseeing and evaluating their work, which should be reported to the first Board plenary following each meeting;
- b) These committees should be composed exclusively of outside directors and have at least three members. Executive directors or senior officers may also attend meetings, for information purposes, at the Committees' invitation.
- c) Committees should be chaired by an independent director.
- d) They should engage external advisors, when they feel this is necessary to carry out their duties.

- e) Minutes of meeting proceedings should be drawn up and a copy sent to all Board members.

See subsections: B.2.1 and B.2.3

Partly complies

As to section e), it should be noted that all the members of the Audit and Compliance Committee and of the Appointments and Remuneration Committee are also members of the Board of Directors, and that the Chairmen of both Committees also inform the Board of Directors of the resolutions adopted.

- 45.** The job of supervising compliance with internal codes of conduct and corporate governance rules should be entrusted to the Audit Committee, the Appointments Committee or, if they are separate, to the Compliance and Corporate Governance Committees.

Complies

- 46.** All members of the Audit Committee, particularly its Chairman, should be appointed with due regard to their knowledge and background in accounting, auditing and risk management matters.

Complies

- 47.** Listed companies should have an internal audit function, under the supervision of the Audit Committee, to ensure the proper operation of internal reporting and control systems.

Complies

- 48.** The head of internal audit should file an annual work programme with the Audit Committee, report to it on any incidents arising during its implementation, and submit an activities report at the end of each year.

Complies

- 49.** Control and risk management policy should specify at least:

- a) The various types of risk (operational, technological, financial, legal, reputational, etc.) the Company is exposed to, with the inclusion under financial or economic risks of contingent liabilities and other off-balance-sheet risks;
- b) The determination of the risk level deemed acceptable by the Company;
- c) Measures in place to mitigate the impact of risk events should they occur;
- d) The internal reporting and control systems to be used to control and manage the above-mentioned risks, including contingent liabilities and off-balance-sheet risks.

See subsection: D

Complies

50. The Audit Committee's role should be:

1. With respect to internal control and reporting systems:
 - a) Monitor the preparation and integrity of the financial information on the Company and, where applicable, the Group, checking for compliance with legal provisions, accurate demarcation of the consolidation perimeter, and correct application of accounting principles.
 - b) Review internal control and risk management systems on a regular basis, so that the main risks are properly identified, managed and disclosed.
 - c) Monitor the independence and efficiency of the internal audit function; propose the recruitment, appointment, renewal and removal of the head of internal audit; propose the departmental budget; receive periodic reports on its activities; and verify that senior management are acting on the findings and recommendations of its reports.
 - d) Establish and supervise a mechanism whereby staff can report, confidentially and, if appropriate, anonymously, any irregularities they detect in the course of their duties, particularly those of a financial or accounting nature, that may have potentially serious implications for the firm.

2. With respect to the external auditor:
 - a) Make recommendations to the Board for the recruitment, appointment, renewal, removal and terms and conditions of engagement of the external auditor.
 - b) Receive regular information from the external auditor on the progress and findings of the audit programme, and check that senior executives are acting on its recommendations.
 - c) Ensure the independence of the external auditor, to which end:
 - i) The Company should notify any change of auditor to the CNMV as a significant event, accompanied by a statement of any disagreements arising with the outgoing auditor and the reasons for the same.
 - ii) The Committee should ensure that the Company and the auditor adhere to current regulations on the provision of non-audit services, the limits on the concentration of the auditor's business and, in general, other requirements designed to safeguard auditors' independence;
 - iii) The Committee should investigate the issues giving rise to the resignation of any external auditor.

 - d) In the case of groups, the Committee should urge the Group auditor to take on the audit of all the Group companies.

See subsections: B.1.35, B.2.2, B.2.3 and D.3

Complies

51. The Audit Committee should be empowered to summon any Company employee or manager, even without the presence of another senior officer.

Complies

52. The Audit Committee should inform the Board on the following points set out under Recommendation 8 prior to the Board taking a decision thereon:

- a) The financial information that listed companies must periodically disclose. The Committee should ensure that interim statements are drawn up under the same accounting principles as the annual statements and, to this end, may ask the external auditor to conduct a limited review.
- b) The creation or purchase of shares in special purpose vehicles or entities resident in countries or territories having the consideration of tax haven, and any other transactions or operations of a comparable nature whose complexity might impair the transparency of the Group.
- c) Related-party transactions, except if their scrutiny has been entrusted to a committee other than the Supervision and Control Committee.

See subsections: B.2.2 and B.2.3

Complies

53. The Board of Directors should seek to present the annual accounts to the General Shareholders' Meeting without reservations or qualifications in the audit report. Should said reservations or qualifications exist, both the Chairman of the Audit Committee and the auditors should give a clear account to shareholders of their nature and scope.

See subsection: B.1.38

Complies

54. Most members of the Appointments Committee or, as the case may be, the Appointments and Remuneration Committee, should be independent directors.

See subsection: B.2.1

Explain

The Appointments and Remuneration Committee is composed of four members, 50% independent outside directors and 50% institutional outside directors. In any case, it should be remembered that 92.063% of Company share capital is held by a single shareholder.

55. The Appointments Committee should carry out the following functions in addition to those stated in earlier recommendations:

- a) Evaluate the balance of skills, knowledge and experience on the Board, define the roles and capabilities required of the candidates to fill each vacancy, and determine the time and dedication necessary for them to properly perform their duties.
- b) Examine and plan the succession of the Chairman and Chief Executive Officer as deemed appropriate, making recommendations to the Board such that the handover proceeds in a planned and orderly manner.
- c) Report on senior management appointments and removals proposed to the Board by the Chief Executive Officer.
- d) Report to the Board on the gender diversity issues discussed in Recommendation 14 of this Code.

See subsection: B.2.3

Partly complies

As to section b), Endesa's internal regulations contain no provision in this regard.

56. The Appointments Committee should consult with the Company's Chairman and Chief Executive Officer, especially on matters relating to executive directors.

Any Board member may suggest directorship candidates for consideration by the Appointments Committee.

Complies

57. The Remuneration Committee should have the following functions in addition to those stated in earlier recommendations:

- a) Propose to the Board of Directors:
 - i) The remuneration policy for directors and senior management;
 - ii) The individual remuneration and other contractual conditions of executive directors.
 - iii) The standard conditions for senior officer employment contracts.
- b) Ensure compliance with the remuneration policy set by the Company.

See subsections: B.1.14 and B.2.3

Complies

58. The Remuneration Committee should consult with the Chairman and Chief Executive Officer, especially on matters relating to executive directors and senior management.

Complies



Other Information

If you consider that there is any material aspect or principle relating to the Corporate Governance practices followed by your Company that has not been addressed in this report, indicate and explain below.

B.1.30.

Total absences as a percentage of the total number of votes for the period are calculated by multiplying the total number of Board meetings by the total number of Board members.

C.2

The related-party transactions set out in section C.2 were carried out by Enel, S.p.A. or its subsidiaries. The specific details of these related-party transactions are set out in the annual reports for Endesa, S.A. and Endesa, S.A., and Subsidiaries.

CODE OF BEST TAX PRACTICES

On 20 December 2010, the Board of Directors of Endesa, S.A. approved the adoption of the Code of Best Tax Practices. At its meeting on 22 February 2011, the Audit and Compliance Committee approved the fiscal policies set out in said Code. Said policies shall apply during the 2011 fiscal year.

This section may include any other information, clarification or qualification relating to previous sections of the report, provided that it is material and not repetitive.

Specifically, indicate whether the Company is subject to corporate governance legislation other than that prevailing in Spain and, if so, state the information that it is required to furnish, when said information differs from that required for this report.

Binding definition of Independent Director:

State whether any independent director has or has had a relation with the Company, its significant shareholders or its executives that, had it been sufficiently significant or important, might have prevented the director from being considered independent in accordance with section 5 of the Unified Code of good governance:

NO

Date and signature:

This Annual Corporate Governance Report was approved by the Company's Board of Directors at its meeting held on

22/02/2011

State whether any Directors have voted against or abstained in relation to the approval of this Report.

NO

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